

# facsimile transmittal

**To:** Nancy Morgan  
Margaret Olczak

**Fax:** 360-619-6940

---

**From:** Debi Smiley (FOIA Office)

**Date:** 1/31/2005

---

**Re:** FOIA 05-020  
Mitchell, Lang & Smith

**Pages:** 5, including cover

---

**CC:**

---

☐ **Urgent**

☐ **For Review**

☐ **Please Comment**

☐ **Please Reply**

☐ **Please Recycle**

---

**Nancy:** Per our telephone tag, I've attached the FOIA from Mitchell, Lang & Smith regarding several items relating to Coyote Springs. I'm preparing a letter of acknowledgment today for Annie Eissler's signature (she is BPA's FOIA Officer). I'll send you a copy via interoffice mail. .

I've attached a computation sheet for you to complete to establish charges for completing the FOIA. If multiple people work on this, just list them on the back of the sheet and the number of search hours spent on this by each. Once you've gathered the documents requested, they will need legal review before we send them to the requestor. Just let me know which attorney is reviewing them and I'll work with them to get the docs together and out to the requestor after they've been reviewed.

Thanks and call me if you have any questions.

**Department of Energy**

Official File

Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208-3621

CORPORATE

February 16, 2005

In reply refer to: KDP-7

Ms. Barbara Hess  
Mitchell, Lang & Smith  
2000 One Main Place  
101 SW Main Street  
Portland, OR 97204  
(503) 221-1011

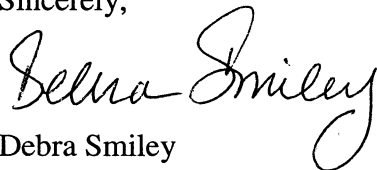
RE: FOIA Request #05-020

Dear Ms. Hess:

I am writing regarding your Freedom of Information Act (FOIA) request #05-020. We are unable to meet the initial deadline for responding to this FOIA request. As permitted by statute; we will take a ten working-day extension of time in which to respond. The extension will provide us with enough time to complete the review process of the materials gathered in response to your FOIA request. The new due date for this FOIA is March 4, 2005.

If you have any questions, please contact me at (503) 230-3084. Thank you for your patience.

Sincerely,

A handwritten signature in cursive script that reads "Debra Smiley".

Debra Smiley  
Freedom of Information Act Office

**Department of Energy**

Official File

Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208-3621

CORPORATE

March 3, 2005

In reply refer to: KDP-7

Ms. Barbara Hess  
Mitchell, Lang & Smith  
2000 One Main Place  
101 SW Main Street  
Portland, OR 97204

RE: FOIA #05-020

Dear Ms. Hess:

This letter is in response to your Freedom of Information Act (FOIA) request, dated January 20, 2005 and designated as FOIA #05-020. In your request you asked for 24 different items related to Coyote Springs 2. Most of the items on your list are not in Bonneville Power Administration's (BPA) possession. However, BPA does have documents responding to item numbers 10 and 24. Enclosed in their entirety are all documents that are in BPA's possession related to your request.

1. Response to item #10 – Applications for Point-to-Point transmission service numbers 569, 570, & 571.
2. Response to item #24 – Interconnection Agreement Contract No. 00TX-10290, and Construction Contract No. 00TX-10289 (as amended)

If you are dissatisfied with this determination, you may make an appeal within thirty (30) days of receipt of this letter to: Director, Office of Hearings and Appeals, Department of Energy, 1000 Independence Avenue SW, Washington, D.C. 20585. Both the envelope and the letter must be clearly marked "Freedom of Information Act Appeal".

In your original letter you agreed to pay fees to fulfill your request. Costs to complete your request totaled \$416.60 for search, review and copy. You will be billed for this amount under separate cover by our accounting department.

Sincerely,

A handwritten signature in cursive script, appearing to read "Annie Eissler".

Annie Eissler  
Freedom of Information Officer

Enclosures



## Smiley,Debra L - KDP

---

**From:** Smiley,Debra L - KDP  
**Sent:** Tuesday, January 25, 2005 12:24 PM  
**To:** VanZandt,Vickie - T  
**Cc:** Van Buren,Marybeth - LP; Eissler,Annie A - KDP  
**Subject:** FOIA Request

**Importance:** High

Hi Vickie - we rec'd a FOIA request on Thursday, Jan 20 from the law firm of Mitchell, Lang & Smith. In the request, they are asking for copies of documents for 24 different items...most having to do with transmission contracts, leases, correspondence and agreements. I left a voicemail for Jane Selby on Thursday and have not yet heard from her. This FOIA has an initial due date of Feb 17 -- although a 10 working day extension is allowed under FOIA. However, I need to provide an acknowledgement letter to the requestor that we are in receipt of their request and included in the letter is the authorizing official's name and contact info. Can you advise me on who in TBL should be the AO for this if not Jane so that I can send the request and other info to them to get started on? The request includes:

1. All docs relating to the failure of generator step up transformer at the site of the Coyote Springs 2 Generating station in Boardman, OR.
2. All docs related to the design of or specs for the generator step up transformers at the Coyote Springs 2 facility.
3. Securities Purchase Agreement between Enron North America and Avista Power LLC dated July 21, 2000.
4. Letter of Avista Power LLC dated July 21, 2000 regarding ratification of existing contracts.
5. Reliance Letter Agreement between Coyote Springs 2, CH2M Hill, General Electric Dated April 18, 2000.
6. Water Agreement between the City of Boardman, Lamb-Weston, Inc., Oregon Potato Company and PGE dated January 15, 1996.

....and several other items relating to the City of Boardman and the leases, communication, agreements, etc., regarding the Coyote Springs 2, LLC.

Please advise if you, or someone on your staff is the appropriate AO for this request.

*Contracts*  
*Fran Crephant*

*AE*  
*Nancy*  
*Morgan*

Search : Michael McFarland 13/07 5 hours

Review: Susan Millar 14/08 2.5 hours

Debbie I believe that's what Susan said she did on this task. But, you should probably check her HRMIS to verify.

Copies: 92 pages

**Request Number:** 569

**Requester:** Mirant Americas

**Date & Time of Request:** Received by the Bonneville Power Administration Transmission Business Line (TBL) on February 26, 2002 at 10:17 hours.

**Type of service requested:** Point-to-Point (PTP) Transmission service

**Requested commencement date of service:** November 1, 2002

**Requested termination date of service:** November 1, 2022

**Quantity:** 75 MW

**Price:** PTP Transmission Rate

**Point of receipt:** Coyote Springs 500 kV

**Points of delivery:** Vantage 230 kV

**Place of the request in the queue:** February 26, 2002 at 10:17 hours

**Status of the request:** STUDY

Mirant Americas Energy Marketing, LP  
1155 Perimeter Center West, Atlanta, Georgia 30338-5416  
T 678 579 5000 F 678 579 5001 U www.mirant.com

February 22, 2002

Mr. Richard Gillman  
Transmission Account Executive  
Bonneville Power Transmission  
P.O. Box 491-TM/DITT-2  
Vancouver, WA 98666-0491



Re: Request for Long-Term Firm Transmission Service

Dear Sir:

Mirant Americas Energy Marketing, LP ("Mirant"), a Delaware limited partnership, located at 1155 Perimeter Center West, Atlanta, Georgia, 30338, is an interstate power marketer which buys, sells and bids energy, capacity, and ancillary services; as such, Mirant qualifies as an Eligible Customer under Section 1.13 of the Bonneville Power Administration's ("BPA") Open Access Transmission Tariff ("OATT") and Sections 211(a) and 213(a) of the Federal Power Act ("FPA").

Pursuant to 18 CFR 2.20, Sections 211(a) and 213(a) of the Federal Power Act and Section 17 of BPA's OATT, Mirant is requesting Long-Term Firm Point-To-Point Transmission Service (LTFPTP-TS) in accordance with the terms listed below. Mirant states that the request is not a request for mandatory retail wheeling prohibited under Section 212(h) of the FPA.

Mirant is requesting LTFPTP-TS on Bonneville Power Transmission's (BPAT) Federal Columbia River Transmission System (FCRTS). Subject to the terms of BPAT's OATT, Mirant will make deliveries of energy and capacity into the BPA Control Area at the Coyote Springs 500 KV switchyard from the Coyote Springs II generation facility (currently located in the Avista Control Area), the Point of Receipt (POR) and BPA will make deliveries of energy and capacity to Mirant at the Vantage 230 KV switchyard, the Point of Delivery (POD). Energy and capacity will be delivered into the Grant County Public Utility District (GCPD) Control Area at Vantage 230 kV substation.

Service will commence at 2400 hours on October 31, 2002 and will terminate at 2400 hours on October 31, 2022.

Under the Service Agreement Mirant will self provide scheduling services and line loss energy. Subject to the terms of the OATT, Mirant agrees to the applicable PTP-02 rates for capacity reservation and line loss.

Mirant will deliver up to 75 MW to the POR and will take delivery of up to 75 MW at the POD, however the total energy and capacity delivered to Mirant under this agreement will not exceed 75 MW.

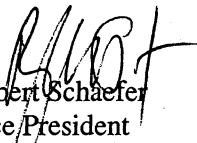
03-05-02A09:40 RCVD *dm*

All communications regarding this Application should be direct to:

Mr. Gregg Oetting  
Mirant Americas Energy Marketing, LP  
1155 Perimeter Center West  
Atlanta, Georgia 30338  
Telephone: (678) 579-3682  
Facsimile: (678) 579-5766

As per BPA-TBL wire instructions an Application Fee of \$75,975 will be forwarded in 3 to 5 business days.

Yours truly,

  
Robert Schaefer  
Vice President  
Marketing and Business Development

Cc: Gregg Oetting  
Stephen Fisher  
Robert Jenkins

**Request Number:** 570

**Requester:** Mirant Americas

**Date & Time of Request:** Received by the Bonneville Power Administration Transmission Business Line (TBL) on February 26, 2002 at 10:17 hours.

**Type of service requested:** Point-to-Point (PTP) Transmission service

**Requested commencement date of service:** November 1, 2002

**Requested termination date of service:** November 1, 2022

**Quantity:** 50 MW

**Price:** PTP Transmission Rate

**Point of receipt:** Coyote Springs 500 kV

**Points of delivery:** Vantage 230 kV

**Place of the request in the queue:** February 26, 2002 at 10:17 hours

**Status of the request:** STUDY

Mirant Americas Energy Marketing, LP  
1155 Perimeter Center West, Atlanta, Georgia 30338-5416  
T 678 579 5000 F 678 579 5001 U www.mirant.com

February 22, 2002

Mr. Richard Gillman  
Transmission Account Executive  
Bonneville Power Transmission  
P.O. Box 491-TM/DITT-2  
Vancouver, WA 98666-0491



**MIRANT™**

Re: Request for Long-Term Firm Transmission Service

Dear Sir:

Mirant Americas Energy Marketing, LP ("Mirant"), a Delaware limited partnership, located at 1155 Perimeter Center West, Atlanta, Georgia, 30338, is an interstate power marketer which buys, sells and bids energy, capacity, and ancillary services; as such, Mirant qualifies as an Eligible Customer under Section 1.13 of the Bonneville Power Administration's ("BPA") Open Access Transmission Tariff ("OATT") and Sections 211(a) and 213(a) of the Federal Power Act ("FPA").

Pursuant to 18 CFR 2.20, Sections 211(a) and 213(a) of the Federal Power Act and Section 17 of BPA's OATT, Mirant is requesting Long-Term Firm Point-To-Point Transmission Service (LTFPTP-TS) in accordance with the terms listed below. Mirant states that the request is not a request for mandatory retail wheeling prohibited under Section 212(h) of the FPA.

Mirant is requesting LTFPTP-TS on Bonneville Power Transmission's (BPAT) Federal Columbia River Transmission System (FCRTS). Subject to the terms of BPAT's OATT, Mirant will make deliveries of energy and capacity into the BPA Control Area at the Coyote Springs 500 KV switchyard from the Coyote Springs II generation facility (currently located in the Avista Control Area), the Point of Receipt (POR) and BPA will make deliveries of energy and capacity to Mirant at the Pearl 230 KV switchyard, the Point of Delivery (POD). Energy and capacity will be delivered into the Portland General (PGE) Control Area at Pearl 230 kV switchyard.

Service will commence at 2400 hours on October 31, 2002 and will terminate at 2400 hours on October 31, 2022.

Under the Service Agreement Mirant will self provide scheduling services and line loss energy. Subject to the terms of the OATT, Mirant agrees to the applicable PTP-02 rates for capacity reservation and line loss.

Mirant will deliver up to 50 MW to the POR and will take delivery of up to 50 MW at the POD, however the total energy and capacity delivered to Mirant under this agreement will not exceed 50 MW.

03-05-02A09:40 RCVDDm

All communications regarding this Application should be direct to:

Mr. Gregg Oetting  
Mirant Americas Energy Marketing, LP  
1155 Perimeter Center West  
Atlanta, Georgia 30338  
Telephone: (678) 579-3682  
Facsimile: (678) 579-5766

As per BPA-TBL wire instructions an Application Fee of \$50,650 will be forwarded in 3 to 5 business days.

Yours truly,

  
Robert Schaefer  
Vice President  
Marketing and Business Development

Cc: Gregg Oetting  
Stephen Fisher  
Robert Jenkins



**Request Number:** 571

**Requester:** Mirant Americas

**Date & Time of Request:** Received by the Bonneville Power Administration Transmission Business Line (TBL) on February 26, 2002 at 10:17 hours.

**Type of service requested:** Point-to-Point (PTP) Transmission service

**Requested commencement date of service:** November 1, 2002

**Requested termination date of service:** November 1, 2022

**Quantity:** 15 MW

**Price:** PTP Transmission Rate

**Point of receipt:** Coyote Springs 500 kV

**Points of delivery:** Vantage 230 kV

**Place of the request in the queue:** February 26, 2002 at 10:17 hours

**Status of the request:** STUDY

Mirant Americas Energy Marketing, LP  
1155 Perimeter Center West, Atlanta, Georgia 30338-5416  
T 678 579 5000 F 678 579 5001 U www.mirant.com

February 22, 2002

Mr. Richard Gillman  
Transmission Account Executive  
Bonneville Power Transmission  
P.O. Box 491-TM/DITT-2  
Vancouver, WA 98666-0491



Re: Request for Long-Term Firm Transmission Service

Dear Sir:

Mirant Americas Energy Marketing, LP ("Mirant"), a Delaware limited partnership, located at 1155 Perimeter Center West, Atlanta, Georgia, 30338, is an interstate power marketer which buys, sells and bids energy, capacity, and ancillary services; as such, Mirant qualifies as an Eligible Customer under Section 1.13 of the Bonneville Power Administration's ("BPA") Open Access Transmission Tariff ("OATT") and Sections 211(a) and 213(a) of the Federal Power Act ("FPA").

Pursuant to 18 CFR 2.20, Sections 211(a) and 213(a) of the Federal Power Act and Section 17 of BPA's OATT, Mirant is requesting Long-Term Firm Point-To-Point Transmission Service (LTFPTP-TS) in accordance with the terms listed below. Mirant states that the request is not a request for mandatory retail wheeling prohibited under Section 212(h) of the FPA.

Mirant is requesting LTFPTP-TS on Bonneville Power Transmission's (BPAT) Federal Columbia River Transmission System (FCRTS). Subject to the terms of BPAT's OATT, Mirant will make deliveries of energy and capacity into the BPA Control Area at the Coyote Springs 500 KV switchyard from the Coyote Springs II generation facility (currently located in the Avista Control Area), the Point of Receipt (POR) and BPA will make deliveries of energy and capacity to Mirant at the Pearl 230 KV switchyard, the Point of Delivery (POD). Energy and capacity will be delivered into the Portland General (PGE) Control Area at Pearl 230 kV switchyard.

Service will commence at 2400 hours on October 31, 2002 and will terminate at 2400 hours on October 31, 2022.

Under the Service Agreement Mirant will self provide scheduling services and line loss energy. Subject to the terms of the OATT, Mirant agrees to the applicable PTP-02 rates for capacity reservation and line loss.

Mirant will deliver up to 15 MW to the POR and will take delivery of up to 15 MW at the POD, however the total energy and capacity delivered to Mirant under this agreement will not exceed 15 MW.

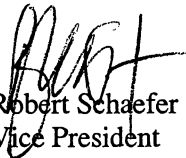
03-05-02A09:39 RCVD *dm*

All communications regarding this Application should be direct to:

Mr. Gregg Oetting  
Mirant Americas Energy Marketing, LP  
1155 Perimeter Center West  
Atlanta, Georgia 30338  
Telephone: (678) 579-3682  
Facsimile: (678) 579-5766

As per BPA-TBL wire instructions an Application Fee of \$15,195 will be forwarded in 3 to 5 business days.

Yours truly,



Robert Schaefer  
Vice President  
Marketing and Business Development

Cc: Gregg Oetting  
Stephen Fisher  
Robert Jenkins

**McFarland,Michael S - TMC**

---

**To:** McFarland,Michael S - TMC  
**Subject:** transfer of BPA OASIS queue positions

-----Original Message-----

From: Altman,Brian D - TM [mailto:bdaltman@bpa.gov]  
Sent: Thursday, October 07, 2004 2:29 PM  
To: Meyers, Alan; ed.groce@avistacorp.com  
Cc: Long,Sally J - TM; Morgan,Nancy E - TM  
Subject: transfer of BPA OASIS queue positions

Alan - just to follow-up on our discussion. It is BPA's position that Mirant may transfer its queue position (Nos. 569, 570, 571; all with PORs at Coyote Springs 2) to Avista as part of the contemplated sale of Mirant's interest in the project. As I indicated, this is not an endorsement or support for the sale and marketing of queue positions in general, however these three requests are all directly tied to the CS2 facility. If you have any further questions, please contact your respective AE when they return next week.

Regards,  
--Brian

Brian D. Altman  
Transmission Account Executive  
Bonneville Power Administration  
W 360.619.6003  
M 360.901.5171  
F 360.619.6940  
bdaltman@bpa.gov

**CONSTRUCTION AND  
OPERATION AND MAINTENANCE AGREEMENT**

executed by the  
**UNITED STATES OF AMERICA**  
**DEPARTMENT OF ENERGY**  
acting by and through the  
**BONNEVILLE POWER ADMINISTRATION**  
and  
**COYOTE SPRINGS 2, LLC**

**Index to Sections**

<b>Section</b>	<b>Page</b>
1. Term of Agreement .....	2
2. Definition and Explanation of Terms .....	3
3. Exhibits .....	4
4. Revision of Exhibits .....	4
5. Payment Provisions for Construction Work.....	5
6. Duties of Bonneville .....	6
7. Duties of CSP-2 .....	7
8. Extension of Time .....	7
9. Bonneville's Reserved Right to Grant Interconnection.....	7
10. Ownership of Facilities .....	8
11. Operation, Maintenance, and Removal of Facilities, and Payment Therefor at CSP-2's Expense .....	8
12. Environmental Requirements .....	9
13. Liability .....	10
14. Dispute Resolution .....	11
15. Representation .....	11
16. Choice of Law .....	11
17. Notices .....	11
18. Assignment.....	12
19. Applicability .....	12
20. Severability .....	12
21. Section Headings.....	13

Exhibit A (Provisions Required by Statute or Executive Order)

Exhibit B (Reimbursable and Construction Work and Associated Payment)

Exhibit C (Facilities Operated and Maintained by Bonneville at CSP-2 Expense)

Exhibit D (Project Requirements Diagram No. 256956, Revision No. 1)

Exhibit E (Coyote Springs Phase III Schedule)

This CONSTRUCTION AND OPERATION AND MAINTENANCE AGREEMENT (Agreement) is entered into as of July 24, 2000, by the UNITED STATES OF AMERICA ("Government"), Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), and Coyote Springs 2, LLC (CSP-2), a limited liability company organized and existing under the laws of the State of Delaware. Bonneville and CSP-2 may be collectively referred to as "Parties" and individually as "Party."

WHEREAS the Parties intend to enter into a separate Interconnection Agreement, Contract No. 00TX-10290 ("Interconnection Agreement"), providing for the interconnected operation of CSP-2's generating project with the Federal Columbia River Transmission System ("FCRTS"); and

WHEREAS the Parties desire to provide for the design, construction, operation and maintenance of certain equipment and facilities as described in Table 1 of Exhibit B ("Interconnection Facilities") to interconnect CSP-2's Coyote Springs #2 Generating Project ("Project") with the Federal Columbia River Transmission System (FCRTS); and

WHEREAS Bonneville is authorized pursuant to law to transmit electric power generated at various Federal hydroelectric projects in the Pacific Northwest, or acquired from other resources, to construct transmission facilities, to provide transmission and other services, and to enter into agreements to carry out such authority.

Therefore, the Parties agree to the following:

## **1. TERM OF AGREEMENT**

- (a) This Agreement shall be effective at 2400 hours on the date of execution ("Effective Date") and shall continue in effect until such time that the Interconnection Agreement is terminated, and no successor agreement providing for interconnection of the Project with the FCRTS has been entered into by the Parties.
- (b) Notwithstanding the foregoing, this Agreement shall be terminable by a Party prior to the Commercial Operation Date in the case of material breach of the Agreement by the other Party, which breach remains uncured by the breaching Party (including in the case of a breach by CSP-2, by CSP-2 or the Financing Party) for a period thirty (30) days after notice thereof is received from the non-breaching Party; provided that if (i) such breach does not constitute a failure to pay amounts due hereunder, (ii) such breach is susceptible to cure, and (iii) during such thirty [30] day cure period the breaching Party (including in the case of a breach by CSP-2, CSP-2 or the Financing Party) is diligently seeking to cure the breach and such diligence shall continue after the thirty day cure period, then such thirty (30) day cure period shall be extended for a period not to exceed ninety (90) additional days. If CSP-2 is the breaching Party, the Financing Party may, but is not obligated to, cure CSP-2's breach on behalf of CSP-2. If this Agreement is so terminated, the breaching Party shall reimburse the non-breaching Party for

all costs incurred under this Agreement by such non-breaching Party through the date of termination of this Agreement. In addition, the breaching Party shall, at the non-breaching Party's option, return the property to the state and condition that existed prior to the Effective Date of this Agreement. The non-breaching Party shall prepare an invoice listing the costs incurred. The breaching Party shall remit payment for such invoice to the non-breaching Party within thirty (30) days of the invoice issue date.

- (c) All liabilities incurred hereunder shall be and are hereby preserved until satisfied.

## **2 DEFINITION AND EXPLANATION OF TERMS**

- (a) "Account" means the account to be established by Bonneville into which CSP-2 shall make periodic deposits as specified in each table to Exhibit B, in order to compensate Bonneville for the work performed by Bonneville as specified in each table to Exhibit B.
- (b) "Bonneville's Technical Requirements" means Bonneville's Technical Requirements for the Interconnection of Generation Resources, dated April 1999, as such may be amended or replaced.
- (c) "Commercial Operation Date" means the date when the Project is available for and capable of continuous operation on a commercial basis as determined by CSP-2 and promulgated by CSP-2 to Bonneville in writing.
- (d) "Coyote Springs Substation" means the Bonneville 500 kV substation located on the Portland General Electric and CSP-2 premises in or near Boardman, Oregon where the Project's 500 kV facilities interconnect with the Bonneville 500 kV facilities as provided in Table 1 of Exhibit B.
- (e) "Financing Party" means the lenders, institutions and other entities providing construction and/or term financing to CSP-2, or refinancing of the foregoing, which CSP-2 will designate from time to time in a written notice to Bonneville.
- (f) "Force Account" means construction performed by a Party's own personnel, or contracted personnel augmenting a Party's personnel.
- (g) "Good Utility Practice" means any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry in the Western Systems Coordinating Council's (WSCC) area during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be

limited to the optimum practice, method, or act to the exclusion of all others, but rather to be a range of acceptable practices, methods, or acts generally accepted in the region and consistently adhered to by Bonneville.

- (h) "Interconnection Facilities" means certain additions to the Coyote Springs Substation and other interconnection equipment as identified in Exhibit D and described in Table 1 of Exhibit B, which interconnect the Project with the FCRTS by a 500 kV line loop from Bonneville's 500 kV McNary - Slatt Transmission Line through the Coyote springs Substation, as may be replaced, improved or upgraded from time to time in accordance with the terms of this Agreement.
- (i) "OASIS" means Bonneville's Open Access Same Time Information System.
- (j) "Project" means CSP-2's nominal 280 MW generation resource, including its step-up transformer, located in Boardman, Oregon.
- (k) "Project Requirements Diagram" or "PRD" means the diagrams included in Exhibit D.
- (l) "Remedial Action Scheme" or "RAS" has the same meaning as contained in Bonneville's Technical Requirements.
- (m) "Transmission Statement" means the monthly billing statement, issued by Bonneville to CSP-2, which shows all amounts due Bonneville from CSP-2 for operation and maintenance services performed for CSP-2 by Bonneville pursuant to section 11 of this Agreement.

### **3. EXHIBITS**

Exhibits A through E are hereby made a part of this Agreement.

### **4. REVISION OF EXHIBITS**

#### **(a) Construction Work**

Bonneville shall prepare, for execution by the Parties hereto, an additional table to Exhibit B and C each time the Parties agree that additions, betterments, or replacements to the Interconnection Facilities are required pursuant to section 11. Such tables shall specify the additional Interconnection Facilities (if any) to be installed, or the betterments or replacements to be made to the Interconnection Facilities, the work to be performed by each Party, the estimated cost of construction, terms of the ownership of any additional Interconnection Facilities, and provisions for the operation and maintenance of any additional Interconnection Facilities. Notwithstanding the payment provision in sections 5(a) and 5(b), the payment provisions for work performed under additional tables to Exhibit B, excluding Table 1 to Exhibit B, shall be as specified in each table and subject to sections 5(c) and 5(d).



Upon execution by the Parties, each additional table to Exhibits B and C (as applicable) shall be attached to and deemed to be a part of this Agreement and shall be effective on the date specified therein.

(b) **Operation and Maintenance**

Tables may be added to Exhibit C, or existing tables in Exhibit C may be revised, to add or delete facilities and/or equipment to be operated and maintained as the Parties may agree. Each such table shall specify the Interconnection Facilities to be operated and maintained, location of the Interconnection Facilities, ownership of the Interconnection Facilities, annual operation and maintenance charges, and monthly operation and maintenance payments.

Upon execution by the Parties, new or revised tables to Exhibit C shall be attached to and deemed to be a part of this Agreement and shall be effective on the effective date specified therein.

Notwithstanding anything to the contrary in this section 4(b), if Bonneville, as appropriate, determines that the charges specified in Exhibit C must be adjusted to conform to Bonneville's then current costs of operating and maintaining like facilities, Bonneville may revise such charges, but not more often than once every 12 months. A revised Exhibit C incorporating such revised charges shall be prepared by Bonneville and made a part of this Agreement.

**5. PAYMENT PROVISIONS FOR CONSTRUCTION WORK**

- (a) CSP-2 hereby agrees to pay Bonneville the sum of \$1,945,600 for completing the tasks described in Table 1 of Exhibit B. CSP-2 shall pay Bonneville in accordance with the payment schedule in Table 1 of Exhibit B. Payments shall be due by the close of business on the payment schedule due date (Due Date) as specified in payment schedule to Table 1 Exhibit B.
- (b) Bonneville will invoice CSP-2 for all payments prior to the Due Date. Invoices to CSP-2 associated with the payment schedule in Table 1 Exhibit B shall be sent to the address in section 17.
- (c) **Late Payment**
  - (1) During construction of the Interconnection Facilities, if Bonneville does not receive payment by the Due Date specified in Exhibit B for such payment, Bonneville shall, at its option:
    - (A) Stop all work on the Interconnection Facilities until the payment is received; or

- (B) Continue work, but the unpaid amount shall be subject to an interest charge of one-twentieth percent (0.05 percent) applied each day to the unpaid amount. This interest charge shall be assessed on a daily basis until such time as the unpaid amount is paid in full.
- (2) After completion of the Interconnection Facilities, for any remaining balance due to Bonneville for work performed pursuant to section 6 and each table of Exhibit B, and for which Bonneville has provided an invoice to CSP-2 pursuant to paragraph 5(b) above, payments not received within thirty (30) days of the invoice date shall accrue an interest charge of one-twentieth percent (0.05 percent) applied each day to the unpaid amount. This interest charge shall be assessed on a daily basis until such time as the unpaid amount is paid in full.
- (d) The Parties shall make payments to each other by electronic funds transfer to such accounts and in such manner as each Party shall direct the other in writing. The payment memo field shall include the contract number, invoice number, and any other information provided by Bonneville or CSP-2 that is necessary to ensure credit to the proper account.

## **6. DUTIES OF BONNEVILLE**

- (a) Bonneville shall perform the duties specified in each table of Exhibit B.
- (b) Bonneville shall employ reasonable efforts to perform its duties specified in each table of Exhibit B in accordance with the project schedule as identified in Exhibit E.
- (c) At CSP-2's expense, Bonneville shall perform all work provided in each table of Exhibit B, section 1, in whole or in part by Force Account, in the same manner and subject to the same limitations as if all funds being expended therefor were Government funds, and in accordance with Good Utility Practice.
- (d) Upon reasonable request by CSP-2, Bonneville shall provide CSP-2 with access to reports or data that relate to Bonneville's progress in the performance of its duties as specified in each table of Exhibit B relative to the project schedule in Exhibit E.
- (e) Bonneville shall operate and maintain the Interconnection Facilities, as specified in section 11 of this Agreement, in accordance with Good Utility Practice.

**7. DUTIES OF CSP-2**

- (a) CSP-2 shall pay Bonneville to complete Bonneville's duties as specified in each table of Exhibit B, pursuant to section 5 and Exhibit B of this Agreement.
- (b) CSP-2 shall perform the duties specified in each table of Exhibit B at CSP-2's expense.
- (c) CSP-2 shall perform such duties in whole or in part by Force Account in accordance with Good Utility Practice and Bonneville's Technical Requirements.
- (d) CSP-2 shall pay Bonneville for operation and maintenance services of the Interconnection Facilities as specified in section 11 and Exhibit C.
- (e) Upon reasonable request by Bonneville, CSP-2 shall provide Bonneville with access to reports or data that relate to CSP-2's progress of the performance of its duties specified in each table of Exhibit B that affect Bonneville's performance of its duties specified in such table of Exhibit B in accordance with the relevant project schedule in Exhibit E.

**8. EXTENSION OF TIME**

Completion dates specified for either Party in Exhibit E shall be extended for a time equivalent to such delays, if any, as are caused by events which such Party could not have reasonably avoided by the exercise of reasonable diligence and foresight.

**9. BONNEVILLE'S RESERVED RIGHT TO GRANT INTERCONNECTION**

Upon completion of the work required to be performed by the Parties pursuant to both tables of Exhibit B and prior to the Commercial Operation Date, Bonneville shall, pursuant to Bonneville's Technical Requirements, review and approve CSP-2's inspection and test plans and review test results of the Project performed by CSP-2. If CSP-2 fails to comply with any requirement in Bonneville's Technical Requirements or the reliability criteria applicable to CSP-2 as provided in the Interconnection Agreement, Bonneville shall provide CSP-2 with written notice of such noncompliance and a list of the actions needed to cure the noncompliance. Upon notice from CSP-2 (or, if CSP-2 fails to cure, the Financing Party) that such noncompliance has been remedied, Bonneville reserves the right to verify that compliance with the requirements of the Interconnection Agreement or Bonneville's Technical Requirements have been satisfied. Once compliance is achieved to Bonneville's satisfaction, Bonneville shall provide written notice to CSP-2 of such compliance and grant the interconnection.

## **10. OWNERSHIP OF FACILITIES**

- (a) Title to and ownership of the Interconnection Facilities shall be as specified in each table of Exhibit B. Title to and ownership of those parts of such Interconnection Facilities that cannot be removed without irreparable damage to Government property shall remain with the Government.
- (b) CSP-2 shall identify any of its equipment installed in Government facilities by permanently affixing thereto suitable markers plainly stating that the property so identified is owned by CSP-2.
- (c) Bonneville shall identify any of its equipment installed in CSP-2's facilities by permanently affixing thereto suitable markers plainly stating that Bonneville owns the property so identified.

## **11. OPERATION, MAINTENANCE, ADDITION, AND REMOVAL OF FACILITIES, AND PAYMENT THEREFOR AT CSP-2'S EXPENSE**

- (a) Bonneville, at CSP-2's expense, shall operate and maintain the Interconnection Facilities, in the same manner in which Bonneville operates and maintains similar facilities of the Government.
- (b) CSP-2 shall, for the maintenance specified in section 11(a) above, and upon notice from and election by Bonneville, either:
  - (1) provide to Bonneville for installation, at CSP-2's expense, all replacement parts that are customarily capitalized in accordance with Bonneville's general accounting practices, and that are not included in the operation and maintenance charges specified in Exhibit C; or
  - (2) reimburse Bonneville for any such parts provided and installed by Bonneville.
- (c) In the event of a major failure of any of the Interconnection Facilities, the Parties shall use good faith efforts to negotiate and execute a mutually acceptable agreement providing for the replacement, repair, or removal of Government-owned or leased equipment at CSP-2's expense.
- (d) The total monthly payment specified in paragraph 2 of Exhibit C for the operation and maintenance services specified in section 11(a) shall accrue commencing on the Commercial Operation Date. Except for the cost of the replacement parts described pursuant to section 11(b), and major failure described in section 11(c), such monthly payment shall constitute payment in full for the cost of the operation and maintenance of the Interconnection Facilities during each month. Billing for the operation and maintenance services pursuant to Exhibit C shall be included in the monthly Transmission Statement rendered to CSP-2 by Bonneville, and payment

shall be due by CSP-2 on or prior to the twentieth day after receipt of such Transmission Statement. If the operation and maintenance service is for less than or more than the normal billing month, the monthly payment stated in Exhibit C shall be adjusted appropriately. Billing for any replacement parts purchased and installed by Bonneville pursuant to section 11(b)(2) shall be separately billed by Bonneville and payment shall be due by CSP-2 upon 30 days from the date of invoice. Payments made by the Parties under this section shall not be deposited to or withdrawn from the Account.

- (e) CSP-2 shall bear the cost of modifying or replacing any of the Interconnection Facilities if and when Bonneville notifies CSP-2 that such action is necessary to make the operation of such facilities compatible with the operation of Government facilities. Bonneville shall provide reasonable written notice to CSP-2 if such action is necessary. The schedule for such modification or replacement shall be consistent with the availability of personnel and with budgetary planning, and shall be coordinated with the operation of the Project to the greatest extent possible. Any such modification or replacement of the Interconnection Facilities shall be required only: (1) when Bonneville, in keeping with Good Utility Practice, replaces or modifies similar facilities owned by the Government at other locations; (2) as a part of a programmed project involving a significant portion of the Government's system; or (3) by mutual agreement of the Parties.

## **12. ENVIRONMENTAL REQUIREMENTS**

- (a) Bonneville shall be responsible for remediation of all releases of oil or other hazardous substances brought to, or created at, the Project site or the Leased Premises, by Bonneville, including any such substances migrating from the Project site or the Coyote Springs Substation. Bonneville shall pay or reimburse CSP-2 for such costs of remediation required to meet applicable state and federal environmental standards at such time. Such costs may include, but are not limited to, state and Federal supervision, remedial action plans, removal and remedial actions, and negotiation of voluntary and judicial agreements required to meet such environmental standards.
- (b) CSP-2 shall be responsible for remediation of all releases of oil or other hazardous substances brought to, or created at, the Project site or the Coyote Springs Substation, by CSP-2, including any such substances migrating from the Project site or the Coyote Springs Substation. CSP-2 shall pay or reimburse Bonneville for such costs of remediation required to meet applicable state and federal environmental standards at such time. Such costs may include, but are not limited to, state and Federal supervision, remedial action plans, removal and remedial actions, and negotiation of voluntary and judicial agreements required to meet such environmental standards.

- (c) Each Party shall notify the other Party as promptly as reasonably practicable of any significant release of oil or hazardous substance by such Party. Each Party shall cooperate with the other Party in accommodating any necessary remedial activities of the other Party with respect to property occupied by such Party.
- (d) The Parties agree to comply fully with the substantive requirements of all applicable Federal, state and local environmental laws in the performance of their obligations hereunder, and to mitigate and abate adverse environmental impacts accordingly.

### **13. LIABILITY**

- (a) To the extent allowed by the Federal Tort Claims Act, Bonneville agrees to indemnify, and hold harmless CSP-2, its affiliated companies, their respective boards of directors, officers, employees, agents and representatives, against and from any and all loss, claims, actions, or suits, for or on account of injury, bodily or otherwise to, or death of persons, or for damage to or destruction of property belonging to CSP-2 or others, resulting from Bonneville's negligent acts or omissions or intentional misconduct in connection with the performance of this Agreement, excepting that any liability attaching to Bonneville shall be reduced by any proportion that such injury or harm is caused by negligence or intentional misconduct of CSP-2, its affiliated companies, their respective boards of directors, officers, employees, agents or representatives.
- (b) CSP-2 agrees to defend, indemnify, and hold harmless Bonneville, its employees, agents and representatives, against and from any and all loss, claims, actions, or suits, for or on account of injury, bodily or otherwise to, or death of persons, or for damage to, or destruction of property belonging to Bonneville, or others, resulting from CSP-2's negligent acts or omissions or intentional misconduct in connection with the performance of this Agreement, excepting that any liability attaching to CSP-2 shall be reduced by any proportion that such injury or harm is caused by negligence or intentional misconduct of Bonneville, its employees, agents or representatives.
- (c) No Party ("First Party") shall be liable, to the other Party ("Second Party") for any injury or death to any person, or for any loss or damage to any property, caused by or arising out of an electric disturbance on the First Party's electric system, whether or not such electric disturbance resulted from the First Party's negligent, grossly negligent, or wrongful act or omission. For the purposes of this section 13(c), (i) the term "electric disturbance" means any sudden, unexpected, changed, or abnormal electric condition occurring in or on an electric system; (ii) the term "Party" means, in addition to such Party itself, its affiliated companies, their respective boards of directors, officers and employees; (iii) the term "damage" means all

damage, including consequential damage; and (iv) the term "person" means any person, including those not connected with any Party to this Agreement.

- (d) Bonneville and CSP-2 assert that neither Party is the agent or principal for the other, nor are they partners or joint venturers; and the Parties agree that they will not represent to any other party that they act in the capacity of agent or principal for the other.
- (e) In no event shall either Party be liable to the other Party hereto for any special, punitive, exemplary, consequential, incidental, or indirect losses or damages for any failure of performance howsoever caused, whether or not arising from a Party's sole, joint, or concurrent negligence.

#### **14. DISPUTE RESOLUTION**

- (a) Pending resolution of a disputed matter, the Parties shall continue performance of their respective obligations pursuant to this Agreement.
- (b) In the event of a dispute arising out of this Agreement, both Parties shall negotiate in good faith to reach an acceptable and timely resolution of the dispute. Should the Parties be unable to resolve the dispute to their mutual satisfaction within twenty working days after such negotiation begins, or at the conclusion of any other mutually acceptable time period, the Parties shall attempt in good faith to resolve the dispute through non-binding mediation.
- (c) Neither Party shall be obligated to engage in mediation for longer than five business days. Each Party shall be responsible for its own expenses and one-half of the expenses of the mediator.

#### **15. REPRESENTATION**

The individual signing on behalf of his or her respective Party represents that he or she is authorized to execute this Agreement and that the Agreement is legal and binding on the Parties in accordance with its terms.

#### **16. CHOICE OF LAW**

This Agreement shall be interpreted, construed, and implemented under Federal law.

#### **17. NOTICES**

Any notice, demand, request or other communication provided for in this Agreement, or served, given or made in connection with this Agreement, shall be given in writing (unless otherwise provided in this Agreement) and shall be deemed to be served, given or made upon receipt if delivered in person or sent by acknowledged delivery, or sent by registered or certified mail, postage prepaid, to the persons addressed as set forth below:

If to Bonneville:

Bonneville Power Administration  
5411 NE Highway 99  
PO Box 491  
Vancouver, WA 98666-0491  
Attention: Transmission Account Executive for CSP-2, LLC

If to Coyote Springs 2

Coyote Springs 2, LLC  
c/o Avista Power, LLC  
201 W. North River Drive  
Spokane, WA 99201  
Attention: Director, CS2

Either Party may change the address set forth above by giving the other Party written notice of such change.

**18. ASSIGNMENT**

All rights, benefits and obligations under this Agreement shall be binding upon the respective successors and assigns of the Parties to this Agreement. This Agreement shall not be transferred or assigned by any Party to any other person or entity without the written consent of the other Party; provided that Bonneville shall be permitted to assign this Agreement to the Government or an agency thereof, or an RTO without CSP-2's consent, and CSP-2 shall be entitled to assign its interest in this Agreement to the Financing Party. The assigning Party shall notify the non-assigning Party of such assignment. Any consent required of the other Party shall not be unreasonably withheld or delayed. In any sale or transfer of control of the Project pursuant to which the Project will remain interconnected to the FCRTS, CSP-2 (or the Financing Party if CSP-2 assigns its interest) shall, as a condition of such sale or transfer, require the acquiring entity or transferee either to assume the obligations of CSP-2 pursuant to this Agreement or to enter into an Agreement with Bonneville in substantially the same form as this Agreement.

**19. APPLICABILITY**

This Agreement constitutes the entire understanding between Bonneville and CSP-2 with respect to the subject matter hereof, supersedes any and all previous understandings between the Parties with respect to the subject matter hereof, and binds and inures to the benefit of the Parties and their successors and assigns.

**20. SEVERABILITY**

If one or more provisions of this Agreement shall be found by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, it shall be given effect to the extent permitted by applicable law, and such invalidity, illegality, or



unenforceability shall not affect the validity of the other provisions of this Agreement.

**21. SECTION HEADINGS**

Section headings and subheadings appearing in this Agreement are inserted for convenience only, and shall not be construed as interpretations of text.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement.

UNITED STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By /S/ MICHAEL RASCHIO  
Transmission Account Executive

Name Michael A. Raschio  
(Print/Type)  
Date July 13, 2000

COYOTE SPRINGS 2, LLC

By /S/ LLOYD H. MEYERS

Name Lloyd H. Meyers  
(Print/Type)  
Title Manager

Date July 24, 2000

W:\TMC\CT\Coyote Springs 2\CONTRACTS\10289\Final.doc

## PROVISIONS REQUIRED BY STATUTE, CODE OR EXECUTIVE ORDER

For purposes of this Exhibit A, CSP-2 is the contractor.

### Index to Sections

Section	Page
1. Contract Work Hours and Safety Standards Act .....	1
2. Convict Labor .....	2
3. Equal Opportunity .....	2
4. Rehabilitation Act of 1973 .....	3
5. The Vietnam Era Veterans Readjustment Assistance Act of 1974 .....	5
6. The Small Business Act .....	8
7. Revision of This Exhibit.....	9

#### 1. **CONTRACT WORK HOURS AND SAFETY STANDARDS ACT** **(40 U.S.C. 327 et seq.)**

This contract, if and to the extent required by applicable law or if not otherwise exempted, is subject to the following provisions:

##### (a) **Overtime Requirements**

No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic in any workweek in which such worker is employed on such work to work in excess of 40 hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times such worker's basic rate of pay for all such hours worked in excess of 40 hours in such workweek.

##### (b) **Violation; Liability for Unpaid Wages; Liquidated Damages**

In the event of any violation of the provisions of section 1(a), the Contractor and any subcontractor responsible therefor shall be liable to any affected employee for such employee's unpaid wages. In addition, such Contractor and subcontractor shall be liable to the Government for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions of section 1(a) in the sum of \$10 for each calendar day on which such employee was required or permitted to be employed in such work in excess of the standard workweek of 40 hours without payment of the overtime wages required by section 1(a).

##### (c) **Withholding for Unpaid Wages and Liquidated Damages**

Bonneville may withhold, or cause to be withheld, from any monies payable on account of work performed by the Contractor or subcontractor, such sums as may administratively be determined to be necessary to satisfy any

liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in section 1(b).

**2. CONVICT LABOR**

**(Executive Order No. 11755, Dec. 29, 1973)**

In connection with the performance of work under this contract, the Contractor agrees, if and to the extent required by applicable law or if not otherwise exempted, not to employ any person undergoing sentence of imprisonment.

**3. EQUAL OPPORTUNITY**

**(Executive Order No. 11246, Sept. 24, 1965, implemented in 41 CFR 60-1)**

During the performance of this contract, if and to the extent required by applicable law or if not otherwise exempted, the Contractor agrees as follows:

- (a) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by Bonneville setting forth the provisions of the Equal Opportunity Executive Order.
- (b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
- (c) The Contractor will send to each labor union or representative of workers with which said Contractor has a collective bargaining agreement or other contract or understanding, a notice, to be provided by Bonneville, advising the labor union or workers' representative of the Contractor's commitments under the Equal Opportunity clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

- (d) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (e) The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor, or pursuant thereto, and will permit access to said Contractor's books, records, and accounts by Bonneville and the Secretary of Labor for purposes of investigations to ascertain compliance with such rules, regulations, and orders.
- (f) In the event of the Contractor's noncompliance with the Equal Opportunity clause of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- (g) The Contractor will include the provisions of sections 3(a) through 3(f) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as Bonneville may direct as a means of enforcing such provisions, including sanctions for noncompliance. In the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by Bonneville, the Contractor may request the Government to enter into such litigation to protect the interests of the Government.

**4. REHABILITATION ACT OF 1973  
(29 U.S.C. 793), and the regulations of the Secretary of Labor  
(41 CFR 60-741) which concern affirmative action for handicapped workers**

- (a) The Contractor will not discriminate against any employee or applicant for employment because of physical or mental handicap in regard to any position for which the employee or applicant for employment is qualified. The

Contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

- (b) The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Rehabilitation Act of 1973.
- (c) In the event of the Contractor's noncompliance with the requirements of this clause, actions for noncompliance may be taken in accordance with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Rehabilitation Act of 1973.
- (d) The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the Director of the Office of Federal Contract Compliance Programs, provided by Bonneville. Such notices shall state the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified handicapped employees and applicants for employment, and the rights of applicants and employees.
- (e) The Contractor will notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of section 503 of the Rehabilitation Act of 1973, and is committed to take affirmative action to employ and advance in employment physically and mentally handicapped individuals.
- (f) The Contractor will include the provisions of this clause in every subcontract or purchase order of \$2,500 or more unless exempted by rules, regulations, or orders of the Secretary issued pursuant to Section 503 of the Rehabilitation Act of 1973, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the Director of the Office of Federal Contract Compliance Programs may direct to enforce such provisions, including action for noncompliance.

**5. THE VIETNAM ERA VETERANS READJUSTMENT ASSISTANCE ACT  
OF 1974**

**(38 U.S.C. 4212) and 41 CFR 60-250 et seq., which concerns affirmative  
action for disabled veterans and veterans of the Vietnam era**

- (a) The Contractor will not discriminate against any employee or applicant for employment because he or she is a disabled veteran or veteran of the Vietnam era in regard to any position for which the employee or applicant for employment is qualified. The Contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified disabled veterans and veterans of the Vietnam era without discrimination based upon their disability or veterans status in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms or compensation, and selection for training, including apprenticeship.
- (b) The Contractor agrees that all suitable employment openings of the Contractor which exist at the time of the execution of this contract and those which occur during the performance of this contract, including those not generated by this contract and including those occurring at an establishment of the Contractor other than the one wherein the contract is being performed but excluding those of independently-operated corporate affiliates, shall be listed at any appropriate local office of the State employment service system wherein the opening occurs. The Contractor further agrees to provide such reports to such local office regarding employment openings and hires as may be required.

State and local government agencies holding Federal contracts of \$10,000 or more shall also list all their suitable openings with the appropriate office of the State employment service, but are not required to provide those reports set forth in sections 5(d) and 5(e).

- (c) Listing of employment openings with the employment service system pursuant to this clause shall be made at least concurrently with the use of any other recruitment source or effort and shall involve the normal obligations which attach to the placing of a bona fide job order, including the acceptance of referrals of veterans and nonveterans. The listing of employment openings does not require the hiring of any particular group of job applicants, and nothing herein is intended to relieve the Contractor from

any requirements in Executive orders or regulations regarding nondiscrimination in employment.

- (d) The reports required by section 5(b) shall include, but not be limited to, periodic reports which shall be filed at least quarterly with the appropriate local office or, where the Contractor has more than one hiring location in a State, with the central office of that State employment service. Such reports shall indicate for each hiring location (1) the number of individuals hired during the reporting period, (2) the number of nondisabled veterans of the Vietnam era hired, (3) the number of disabled veterans of the Vietnam era hired, and (4) the total number of disabled veterans. The reports should include covered veterans hired. The reports should include covered veterans hired for on-the-job training under 38 U.S.C. 1787. The Contractor shall submit a report within 30 days after the end of each reporting period wherein any performance is made on this contract identifying data for each hiring location. The Contractor shall maintain at each hiring location copies of the reports submitted until the expiration of 1 year after final payment under the contract, during which time these reports and related documentation shall be made available, upon request, for examination by any authorized representative of the contracting officer or of the Secretary of Labor. Documentation would include personnel records respecting job openings, recruitment and placement.
- (e) Whenever the Contractor becomes contractually bound to the listing provisions of this clause, it shall advise the employment service system in each State where it has establishments of the name and locations of each hiring location in the State. As long as the Contractor is contractually bound to these provisions and has so advised the State system, there is no need to advise the State system of subsequent contracts. The Contractor may advise the State system when it is no longer bound by this section 5.
- (f) This section 5 does not apply to the listing of employment openings which occur and are filled outside of the 50 States, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands.
- (g) The provision of sections 5(b), 5(c), 5(d), and 5(e) do not apply to openings which the Contractor proposes to fill from within his own organization or to fill pursuant to a customary and traditional employer-union hiring arrangement. This exclusion does not apply to a particular opening once an employer decides to consider applicants outside of his own organization or employer-union arrangement for that opening.

(h) As used in this section 5:

- (1) "All suitable employment openings" includes, but is not limited to, openings which occur in the following job categories: production and nonproduction; plant and office; laborers and mechanics; supervisory and nonsupervisory; technical; and executive, administrative, and professional openings as are compensated on a salary basis of less the \$25,000 per year. This term includes full-time employment, temporary employment of more than 3 days' duration, and part-time employment. It does not include openings which the Contractor proposes to fill from within his own organization or to fill pursuant to a customary and traditional employer-union hiring arrangement nor openings in an educational institution which are restricted to students of that institution. Under the most compelling circumstances an employment opening may not be suitable for listing, including such situations where the needs of the Government cannot reasonably be otherwise supplied, where listing would be contrary to national security, or where the requirement of listing would otherwise not be for the best interest of the Government.
- (2) "Appropriate office of the State employment service system" means the local office of the Federal-State national system of public employment offices with assigned responsibility for serving the area where the employment opening is to be filled, including the District of Columbia, Guam, Puerto Rico, and the Virgin Islands.
- (3) "Openings which the Contractor proposes to fill from within his own organization" means employment openings for which no consideration will be given to persons outside the Contractor's organization (including any affiliates, subsidiaries, and the parent companies) and includes any openings which the Contractor proposes to fill from regularly established "recall" lists.
- (4) "Openings which the Contractor proposes to fill pursuant to a customary and traditional employer-union hiring arrangement" means employment openings which the Contractor proposes to fill from union halls, which is part of the customary and traditional hiring relationship which exists between the Contractor and representatives of his employees.



- (i) The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Vietnam Era Veterans Readjustment Assistance Act.
- (j) In the event of the Contractor's noncompliance with the requirements of this section 5, actions for noncompliance may be taken in accordance with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Vietnam Era Veterans Readjustment Assistance Act.
- (k) The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the Director of the Office of Federal Contract Compliance Programs, provided by Bonneville. Such notice shall state the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam era for employment, and the rights of applicants and employees.
- (l) The Contractor will notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of the Vietnam Era Veterans Readjustment Assistance Act, and is committed to take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam era.
- (m) The Contractor will include the provisions of this section 5 in every subcontract or purchase order of \$10,000 or more unless exempted by rules, regulations, or orders of the Secretary issued pursuant to the Act, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the Director of the Office of Federal Contract Compliance Programs may direct to enforce such provisions, including action for noncompliance.

**6. THE SMALL BUSINESS ACT  
(15 U.S.C. 637)**

- (a) It is the policy of the United States that small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in the performance of contracts let by any Federal agency, including contracts and subcontracts for subsystems, assemblies, components, and related services for major systems. It is further the policy

of the United States that its prime contractors establish procedures to ensure the timely payment of amounts due pursuant to the terms of their subcontracts with small business concerns owned and controlled by socially and economically disadvantaged individuals.

- (b) The Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with the efficient performance of this contract. The Contractor further agrees to cooperate in any studies or surveys as may be conducted by the United States Small Business Administration or the awarding agency of the United States as may be necessary to determine the extent of the Contractor's compliance with this section 6.
- (c) As used in this contract, the term "small business concern" shall mean a small business as defined pursuant to Section 3 of the Small Business Act (15 U.S.C. 632) and relevant regulations promulgated pursuant thereto. The term "small business concern owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern:
  - (1) which is at least 51 percent owned by one or more socially and economically disadvantaged individuals; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more socially and economically disadvantaged individuals; and
  - (2) whose management shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, and other minorities, or any other individuals found to be disadvantaged by the Administration pursuant to Section 8(a) of the Small Business Act.

**7. REVISION OF THIS EXHIBIT**

This Exhibit A shall be revised to reflect changes in statute, code, Executive Order, or other change at the Federal level. Bonneville will prepare and send to HPP such revised Exhibit A.

**REIMBURSABLE AND CONSTRUCTION WORK**  
**(Phase III)**  
Obligations of the Parties

This Exhibit B Table 1 describes the construction activities at the Coyote Springs Substation co-owned by Portland General Electric Company and Coyote Springs 2, LLC for integration of the Project generation to the FCRTS.

Bonneville, in consideration of the payment identified in Section 5(a) of the Agreement, shall design, provide all necessary labor and material, and use best efforts to complete activities at the Coyote Springs Substation to interconnect the Project with the FCRTS, by December 1, 2001, and in accordance with Phase III of Project Requirements Diagram No. 256956, Revision No. 1 attached hereto as Exhibit D. The following is a general description of facilities and tasks required to interconnect the Project:

**DUTIES OF BONNEVILLE IN CONSIDERATION OF CSP-2 PAYMENT**

1. Bonneville shall design, purchase and install a new 500 kV power circuit breaker and associated disconnect switches, metering, and line loss logic, necessary to integrate the Project to the FCRTS. These activities include but are not limited to:
  - (a) installing one 500 kV power circuit breaker with bushing current transformers for protective relaying and metering;
  - (b) installing three 500 kV, 3000 Ampere motor operated disconnect switches;
  - (c) installing one set of bus potential transformers;
  - (d) installing the support structures, aluminum bus, and connectors to the high voltage bushing of the generator step-up transformer;
  - (e) miscellaneous items consisting of, but not limited to, pilings, footings, grounding, support structures, insulators, aluminum bus and fittings, conduits and trench, cables and cable terminations.
2. Bonneville shall design, purchase and install protective relaying consistent with Bonneville standards for 500 kV line protection. These include, but are not limited to:
  - (a) installing bus differential relays,

- (b) installing breaker failure relays,
- (c) Design or purchase and install the new Unit #2 terminal metering which includes hourly kWh, revenue metering, and kW telemetering of instantaneous generation for AGC. These consist of:
  - 1) installing new kW analog telemeter equipment;
  - 2) installing new revenue meter equipment, kWh/VARh;
- 3. Bonneville shall design, purchase and install communications facilities necessary to integrate the Project to the FCRTS. These activities include but are not limited to:
  - (a) installing or modifying communications equipment at the Coyote Springs Substation;
  - (b) installing or modifying remote communications equipment at Dittmer and Munro
- 4. Bonneville shall design, purchase and install remedial action scheme facilities necessary to integrate the Project to the FCRTS. These activities include but are not limited to:
  - (a) installing equipment necessary to provide a control signal to CSP-2 for automatic generation dropping as specified in Exhibit D of the CSP-2 Interconnection Agreement, Contract No. 00TX-10290.

#### **DUTIES OF CSP-2 AT CSP-2 EXPENSE**

- (1) CSP-2 shall design, procure, and install synchronizing relays and transformer differential relaying for the Project;
- (2) CSP-2 shall provide and install communications, control, and power circuits from the Project to a Bonneville provided interface cabinet inside the substation for termination by Bonneville in the Coyote Springs substation control house

#### **OWNERSHIP**

- (1) Title to and ownership the following facilities installed hereunder shall be and remain in the Government:
  - (a) one 500 kV power circuit breaker;
  - (b) three 500 kV motor operated disconnect switches;

Exhibit B, Table 1 Page 3 of 3  
Contract No. 00TX-10289  
Coyote Springs 2, LLC  
Effective 2400 Hours on the  
Effective Date

- (c) one set of three 500 kV potential transformers;

#### **Payment Schedule**

The total cost for Bonneville to perform the work pursuant to this Exhibit B Table 1 is \$1,945,600. If CSP-2 decides to move the Project into another control area other than Bonneville's, Bonneville may require additional funds to provide for any additional work required not specified in this Table 1 to provide for such move. If CSP-2 requests additional work to be completed which is not identified in Exhibit D, the Parties will negotiate a separate table to this Exhibit B for such additional work.

5% of the cost (\$97,280) shall be due and payable on August 1, 2000  
20% of the cost (\$389,120) shall be due and payable on November 1, 2000  
15% of the cost (\$291,840) shall be due and payable on February 1, 2001  
25% of the cost (\$486,400) shall be due and payable on May 1, 2001  
25% of the cost (\$486,400) shall be due and payable on August 1, 2001  
10% of the cost (\$194,560) shall be due and payable on December 1, 2001

#### **Revisions to Exhibit B Table 1**

This Exhibit B Table 1 may be revised upon agreement of the Parties. Bonneville shall prepare such revised Exhibit B Table 1 for execution by the Parties.

**EXHIBIT C**  
**FACILITIES OPERATED AND MAINTAINED BY**  
**BONNEVILLE AT CSP-2 EXPENSE**

1. Bonneville shall operate and maintain the Interconnection Facilities. CSP-2 shall pay Bonneville's annual operation and maintenance standard cost for these facilities.

Installed Under: Exhibit B Table 1 of this Agreement.

**Location:** Coyote Springs Substation, co-owned by Portland General Electric Company and Coyote Springs 2, LLC.

**Facilities:**

**Coyote Springs Substation**

- (1) one 500 kV power circuit breaker;
- (2) three 500 kV motor operated disconnect switches;
- (3) associated line protection and breaker failure relays.

**Annual Operation and Maintenance Charge:** **\$ 25,666 <sup>1</sup>**

**Monthly Operation and Maintenance Charge:** **\$ 2,139**

---

1/ This charge is based on BPA's Annual O&M Charges, Expense Averaged for FY 1997, 1998, and 1999 for one 500 kV terminal (plus one group operated disconnect switch).



## Department of Energy

Bonneville Power Administration  
P.O. Box 491  
Vancouver, Washington 98666-0491

TRANSMISSION BUSINESS LINE

March 22, 2002

In reply refer to: TM

Mr. Brent Guyen  
Avista Energy, Inc.  
201 W. North River Drive  
Suite 610  
Spokane, WA 99201

Dear Mr. Guyen:

Enclosed are two originals of Revision No. 1, Exhibit E, to the Operational Contacts for Outage Coordination and Dispatch, Contract No. 00TX-10290, for Coyote Springs 2, LLC. These originals are to reflect the change in contacts for dispatch and in the event of an outage.

Please contact me at (360) 418-8695, if you should wish further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael A. Raschio", is written over a horizontal line.

*for* Michael A. Raschio  
Transmission Account Executive  
Transmission Marketing and Sales

2 Enclosures

**AUTHENTICATED**

**REVISION NO. 1, EXHIBIT E  
OPERATIONAL CONTACTS**

*This Revision No. 1 provides Operational contacts for Outage Coordination and Dispatch for Coyote Springs 2, LLC*

**1. OPERATIONAL CONTACTS**

Contacts for routine and emergency operations effective on the date of execution of this Agreement are:

<b>Party</b>	<b>Outage Coordination</b>	<b>Dispatch</b>
BPA	Munro CC: Phone (509)-466-2444	Munro Dispatch: Phone (509)-465-1820 or (888)-835-9590  Dittmer Dispatch: Vox (360)-418-2281/80 or (503)-283-2501; Fax (360)-418-2938
Coyote Springs 2, LLC	Avista Corporation Transmission Operations Phone (509) 495-4508 Fax (509) 495-8061	Real Time Desk Phone (509) 495-4934

**2. CHANGES IN CONTACTS**

If any Party changes its contact(s), that Party shall notify the other Party informally by voice phone, facsimile transmission, or other means as soon as possible. The Party making the change shall send formal notice to the Bonneville administrative contact identified in section 8 of the Agreement as soon as practical. Bonneville shall revise this exhibit upon such notice.

W:TMC/ct/CoyoteSprings2/Generation Interconnection\_10290R1E.doc



**AMENDMENT**

**ASSIGNMENT AND ASSUMPTION AGREEMENT TO  
CONSTRUCTION, OPERATION AND  
MAINTENANCE AGREEMENT**

THIS SECOND ASSIGNMENT AND ASSUMPTION AMENDMENT TO THE CONSTRUCTION, OPERATION AND MAINTENANCE AGREEMENT (this "Amendment") is made, entered into and effective as of January 19, 2005, by and between the UNITED STATES OF AMERICA, DEPARTMENT OF ENERGY, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA), AVISTA CORPORATION, a Washington State corporation (Avista), and MIRANT OREGON, LLC, a Delaware limited liability company (Mirant).

WHEREAS, BPA and Coyote Springs 2, LLC, a Delaware limited liability company (CS2), entered into that certain Construction, Operation and Maintenance Agreement, Agreement No. 00TX-10289, dated July 24, 2000 (the "Construction Agreement"), for the design, construction, operation and maintenance of certain equipment and facilities as more particularly described in the Agreement to interconnect an electric generating plant with the Federal Columbia River Transmission System (FCRTS);

WHEREAS, CS2 assigned all of its rights, title and interest in, to and under the Agreement to Avista and to Mirant pursuant to that certain Assignment and Assumption Amendment to the Construction, Operation and Maintenance Agreement dated January 1, 2003; and

WHEREAS, Mirant now desires to assign its interest in and to the Construction Agreement, as amended, to Avista.

NOW, THEREFORE, for and in consideration for the mutual agreements contained herein, and the exchange of other good and valuable consideration between the parties hereto, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Capitalized Terms. All capitalized terms used in this Amendment, to the extent not otherwise expressly defined herein, shall have the same meanings ascribed to such terms in the Construction Agreement.
2. Effective Date. This Amendment shall become effective at 0000 on January 20, 2005, by BPA, Avista, and Mirant (such date and time, hereby known as the "Effective Date").
3. References. All references to "Avista and Mirant", or "Avista and Mirant as equal undivided co-tenants" in the Construction Agreement shall refer to "Avista" alone. All

4. References and Several Liability. All references to CS2 in the Construction Agreement shall refer to Avista and Mirant, as equal undivided co-tenants. Avista and Mirant shall be jointly and severally liable for all obligations described hereunder. All references to the "Agreement" in the Construction Agreement shall hereafter be deemed to refer to the "Construction Agreement," as amended hereby.
5. Assignment of Construction Agreement. CS2 hereby irrevocably assigns, conveys and transfers, to the extent assignable, all of CS2's right, title and interest in, to and under the Construction Agreement to Avista and Mirant, as equal undivided co-tenants.
6. Assumption of Construction Agreement. Avista and Mirant, as equal undivided co-tenants, hereby accept the assignment and transfer of such rights and obligations of CS2 under the Construction Agreement, and assume and agree to be bound by the terms of the Construction Agreement, and undertake to perform, in accordance with and subject to the terms of the Construction Agreement, any and all of CS2's obligations and liabilities hereunder.
7. Consent. BPA acknowledges and consents to the irrevocable assignment of all of CS2's right, title and interest under the Construction Agreement to Avista and Mirant, as equal undivided co-tenants, and BPA agrees to accept performance of all of CS2's obligations under the Construction Agreement from Avista and Mirant.

8. Notices. The address for notices to CS2 as set forth in Section 17 of the Construction Agreement is hereby deleted and replaced in its entirety as follows:

"If to Avista:

Avista Corporation  
1411 E. Mission MSC-7  
P.O. Box 3727  
Spokane, WA 99220-3727  
Attention: Ed F. Groce  
Title: Manager, Transmission  
Acquisition  
Phone: (509) 495-4164  
Fax: (509) 495-4272

If to BPA:

Bonneville Power Administration  
P.O. Box 491  
Vancouver, WA 98666-0491  
Attention: Transmission Account  
Executive for Mirant and Avista  
TM/Ditt2  
Phone: (360) 418-2175  
Fax: (360) 418-8320

If to Mirant:

Mirant California, LLC  
Mr. Joe Bittner,  
1350 Treat Blvd. Suite 500  
Walnut Creek, CA 94597  
Attention: Joe Bittner  
Title: Director of Operations  
Phone: (925) 287-3122  
Fax: (925) 947-3002

Either Party may change the contact person or the address set forth above by giving the other Party 10 days' written notice of such change."

9. Ratification of Construction Agreement. Except as amended herein, the terms and conditions of the Construction Agreement shall continue in full force and effect and are hereby ratified in their entirety. To the extent, if any, that the terms and conditions of this Amendment conflict with the terms and conditions of the Construction Agreement, the Construction Agreement is amended accordingly, and the terms and conditions of this Amendment shall control.
10. Legal Authority. Each party to this Amendment represents to the other party that it has the full legal right, power and authority to enter into this Amendment and that this Amendment shall constitute a valid and legally binding obligation of the parties enforceable against such individual party in accordance with its terms.
11. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument. Any signature page of any such counterpart, or any electronic facsimile thereof, may be attached or appended to any other counterpart to complete a fully executed counterpart of this Amendment. Any electronic facsimile transmission of any signature of a party shall be deemed an original and shall bind such party.

12. Governing Law. This Amendment shall be governed by, and construed and enforced in accordance with, Federal law.

**IN WITNESS WHEREOF**, the parties have caused this First Amendment to Construction and Operation and Maintenance Agreement to be executed as of the date first written above

**COYOTE SPRINGS 2, LLC**

By: /S/ GEORGE PERKO

Name: George Perko  
(Print/Type)

Title: Management Committee

Date: December 18, 2002

**UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
Bonneville Power Administration**

By: /S/ NANCY E MORGAN

Name: Nancy E. Morgan  
(Print/Type)

Title: Transmission Account Executive

Date: 12-11-02

**AVISTA CORPORATION**

By: /S/ LLOYD H MEYERS

Name: Lloyd H. Meyers  
(Print/Type)

Title: V.P. Power Supply

Date: 12/17/02

**MIRANT OREGON, LLC**

By: /S/ MICHAEL H HOBBS

Name: Michael H. Hobbs  
(Print/Type)

Title: Vice President

Date: 12/30/02

Mirant Oregon, LLC  
1350 Treat Blvd., Suite 500, Walnut Creek, CA 94597  
T 925 287 3100 F 925 947 3002 www.mirant.com

January 12, 2005



Bonneville Power Administration  
P.O. Box 491  
Vancouver, WA 98666-0491  
Attention: Nancy Morgan  
TMC/DITT2

Re: Request for Consent to Assignment of Mirant Oregon Interests to Avista Corporation

Dear Ms. Morgan:

Mirant Oregon, LLC ("Mirant Oregon") has reviewed the following agreements (to which we will also be a party):

1. Amendment No. 2, Contract No. 00TX-10289, Amendment, Assignment and Assumption Agreement to Construction, Operation and Maintenance Agreement, to be dated effective as of the Closing Date (as defined below), by and between the United States Department of Energy, acting by and through the Bonneville Power Administration ("BPA"), Avista Corporation ("Avista") and Mirant Oregon; and
2. Amendment No. 2, Contract No. 00TX-10290, Amendment, Assignment and Assumption Agreement to Interconnection Agreement, to be dated effective as of the Closing Date, by and between BPA, Avista and Mirant Oregon.

By this letter, (i) Mirant Oregon confirms to BPA that Mirant Oregon has agreed to sell, and Avista has agreed to purchase, Mirant Oregon's one-half ownership interest in phase two of the Coyote Springs Cogeneration Project (the "Project"), pursuant to the terms of a signed Asset Purchase and Sale Agreement dated October 13, 2004 (the "Purchase Agreement"), and (ii) Mirant Oregon requests BPA execute and deliver the above-referenced agreements in order to assign Mirant Oregon's interests in the underlying agreements to Avista effective as of the Closing Date.

For purposes of this letter the Closing Date shall mean the date and time of the closing of Avista's purchase of Mirant Oregon's one-half ownership interest in the Project and the transfer of all related rights and responsibilities under the Purchase Agreement, presently anticipated to occur at 0000 (PPT) on January 20, 2005.

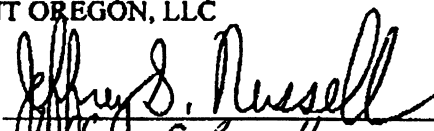
If you have any questions regarding this letter, please do not hesitate to contact me.

MIRANT OREGON, LLC

By:

Name:

Title:

  
Jeffrey S. Russell  
Vice President



## Department of Energy

Bonneville Power Administration  
P.O. Box 61409  
Vancouver, WA 98666-1409

TRANSMISSION BUSINESS LINE

January 14, 2005

In reply refer to: TM/OPP-2

Mr. Scott W. MacCormack, Attorney  
Heller Ehrman White & McAuliffe LLP  
701 Fifth Avenue, Suite 6100  
Seattle, WA 98104

Dear Mr. MacCormack:

By letter dated January 12, 2005, Mirant Oregon, LLC (Mirant Oregon) requested that the Bonneville Power Administration (BPA) approve the assignment by Mirant Oregon of its (Mirant Oregon's) fifty percent (50%) interest in the second phase of the Coyote Springs Cogeneration Project (Coyote Springs 2) to Avista Corporation (Avista).

In order to effect the transfer of Mirant Oregon's interest in Coyote Springs 2, BPA, Mirant Oregon and Avista are required to execute amendments to the two (2) existing agreements between the parties. These are the Construction and Operation and Maintenance Agreement, Contract No. 00TX-10289 (Contract No. 10289), and the Interconnection Agreement, Contract No. 00TX-10290 (Contract No. 10290).

Enclosed are three (3) originals each of Amendment No. 2 to Contract No. 10289, and of Amendment No. 2 to Contract No. 10290 (Amendments). BPA has signed all six (6) originals (three of each Amendment).

After the appropriate officials of Avista and Mirant Oregon have executed each original of both Amendments, one fully executed original of Amendment No. 2 to Contract No. 10289 and one fully executed original of Amendment No. 2 to Contract No. 10290 should be returned to my attention at the address above. Avista should retain one executed original of each Amendment for its records. The remaining executed originals are for the records of Mirant Oregon.

If you choose to return the fully executed Amendments by overnight delivery service, please address them to my attention at:

Bonneville Power Administration  
Mail Stop: TM/OPP-2  
8100 NE Parkway Drive, Suite 50  
Vancouver, WA 98662

If you have any questions or concerns, please call me at (360) 619-6008, or Mike McFarland, Contract Specialist, at (360) 619-6799.

Sincerely,



Nancy E. Morgan  
Transmission Sales Manager  
Transmission Marketing and Sales

6 Enclosures

cc: (w/Enclosures)

Mr. Steven Silkworth, P.E., Avista Utilities  
Mr. Ron Peterson, Avista Corporation  
Mr. Scott MacCormack, Heller Ehrman White & McAuliffe  
Mr. Alan Meyers, Mirant California  
Mr. Jeffrey Russell, Mirant California

**AMENDMENT**

**ASSIGNMENT AND ASSUMPTION AGREEMENT TO  
CONSTRUCTION, OPERATION AND  
MAINTENANCE AGREEMENT**

THIS SECOND ASSIGNMENT AND ASSUMPTION AMENDMENT TO THE CONSTRUCTION, OPERATION AND MAINTENANCE AGREEMENT (this "Amendment") is made, entered into and effective as of \_\_\_\_\_, 2005, by and between the UNITED STATES OF AMERICA, DEPARTMENT OF ENERGY, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA), AVISTA CORPORATION, a Washington State corporation (Avista), and MIRANT OREGON, LLC, a Delaware limited liability company (Mirant).

WHEREAS, BPA and Coyote Springs 2, LLC, a Delaware limited liability company (CS2), entered into that certain Construction, Operation and Maintenance Agreement, Agreement No. 00TX-10289, dated July 24, 2000 (the "Construction Agreement"), for the design, construction, operation and maintenance of certain equipment and facilities as more particularly described in the Agreement to interconnect an electric generating plant with the Federal Columbia River Transmission System (FCRTS);

WHEREAS, CS2 assigned all of its rights, title and interest in, to and under the Agreement to Avista and to Mirant pursuant to that certain Assignment and Assumption Amendment to the Construction, Operation and Maintenance Agreement dated January 1, 2003; and

WHEREAS, Mirant now desires to assign its interest in and to the Construction Agreement, as amended, to Avista.

NOW, THEREFORE, for and in consideration for the mutual agreements contained herein, and the exchange of other good and valuable consideration between the parties hereto, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Capitalized Terms.** All capitalized terms used in this Amendment, to the extent not otherwise expressly defined herein, shall have the same meanings ascribed to such terms in the Construction Agreement.
2. **Effective Date.** This Amendment shall become effective at 0000 on January 20, 2005, by BPA, Avista, and Mirant (such date and time, hereby known as the "Effective Date").
3. **References.** All references to "Avista and Mirant" in the Construction Agreement shall refer to "Avista" alone. All references to the "Agreement" in the Construction



Agreement shall hereafter be deemed to refer to the "Construction Agreement," as amended.

4. Assignment of Construction Agreement. Mirant hereby irrevocably assigns, conveys and transfers all of Mirant's right, title and interest in, to and under the Construction Agreement to Avista.
5. Acceptance of Construction Agreement; Assignment of Construction Agreement. Avista hereby accepts the assignment and transfer of such rights and interests of Mirant under the Construction Agreement, and hereby assumes and undertakes to perform, in accordance with and subject to the terms of the Construction Agreement, any and all of Mirant's obligations and liabilities hereunder.
6. Consent. BPA acknowledges and consents to the irrevocable assignment of all of Mirant's right, title and interest under the Construction Agreement to Avista, and BPA agrees to accept performance of all of Mirant's obligations under the Construction Agreement from Avista.
7. Ratification of Construction Agreement. Except as amended herein, the terms and conditions of the Construction Agreement shall continue in full force and effect and are hereby ratified in their entirety. To the extent, if any, that the terms and conditions of this Amendment conflict with the terms and conditions of the Construction Agreement, the Construction Agreement is amended accordingly, and the terms and conditions of this Amendment shall control.
8. Legal Authority. Each party to this Amendment represents to the other party that it has the full legal right, power and authority to enter into this Amendment and that this Amendment shall constitute a valid and legally binding obligation of the parties enforceable against such individual party in accordance with its terms.
9. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument. Any signature page of any such counterpart, or any electronic facsimile thereof, may be attached or appended to any other counterpart to complete a fully executed counterpart of this Amendment. Any electronic facsimile transmission of any signature of a party shall be deemed an original and shall bind such party.
10. Governing Law. This Amendment shall be governed by, and construed and enforced in accordance with, Federal law.

IN WITNESS WHEREOF, the parties have caused this Second Amendment to Construction and Operation and Maintenance Agreement to be executed as of the date first written above.

BPA:

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
Bonneville Power Administration

By: Nancy E. Morgan 1/14/05  
Name: NANCY E. MORGAN  
Title: Trans. Administrator

AVISTA:

AVISTA CORPORATION,  
a Washington corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MIRANT:

MIRANT OREGON, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

(\\WTMC\\CT\\Coyote Springs\\Amendments\\10289 01\_14\_05)

**AMENDMENT**

**ASSIGNMENT AND ASSUMPTION AGREEMENT TO  
INTERCONNECTION AGREEMENT**

THIS SECOND ASSIGNMENT AND ASSUMPTION AMENDMENT TO THE INTERCONNECTION AGREEMENT (this "Amendment") is made and entered into as of \_\_\_\_\_, 2005, by and between the UNITED STATES OF AMERICA, DEPARTMENT OF ENERGY, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA), AVISTA CORPORATION, a Washington corporation (Avista), and MIRANT OREGON, LLC, a Delaware limited liability company (Mirant).

WHEREAS, BPA and Coyote Springs 2, LLC, a Delaware limited liability company (CS2), entered into that certain Interconnection Agreement, Agreement No. 00TX-10290, dated July 24, 2000 (the "Interconnection Agreement"), for the interconnection of an electric generating plant with the Federal Columbia River Transmission System (FCRTS);

WHEREAS, CS2 assigned all its rights, title and interest in, to and under the Agreement to Avista and to Mirant pursuant to that certain First Assignment and Assumption Amendment to the Interconnection Agreement dated January 1, 2003; and

WHEREAS, Mirant now desires to assign its interest in and to the Agreement, as amended, to Avista.

NOW, THEREFORE, for and in consideration for the mutual agreements contained herein, and the exchange of other good and valuable consideration between the parties hereto, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Capitalized Terms.** All capitalized terms used in this Amendment, to the extent not otherwise expressly defined herein, shall have the same meanings ascribed to such terms in the Interconnection Agreement.
2. **Effective Date.** This Amendment shall become effective at 0000 on January 20, 2005 by BPA and Avista (such date and time, hereby known as the "Effective Date").
3. **References.** All references to "Avista and Mirant" in the Interconnection Agreement shall refer to "Avista" only. All references to the "Agreement" in the Interconnection Agreement shall hereafter be deemed to refer to the "Interconnection Agreement," as amended.
4. **Assignment of Interconnection Agreement.** Mirant hereby irrevocably assigns, conveys and transfers all of Mirant's right, title and interest in, to and under the Interconnection Agreement to Avista.

5. Acceptance of Interconnection Agreement; Assumption of Interconnection Agreement. Avista hereby accepts the assignment and transfer of such rights and interests of Mirant under the Interconnection Agreement, and hereby assumes and undertakes to perform, in accordance with and subject to the terms of the Interconnection Agreement, any and all of Mirant's obligations and liabilities hereunder.
6. Consent. BPA acknowledges and consents to the irrevocable assignment of all of Mirant's right, title and interest under the Interconnection Agreement to Avista, and BPA agrees to accept performance of all of Mirant's obligations under the Interconnection Agreement from Avista.
7. Ratification of Interconnection Agreement. Except as amended herein, the terms and conditions of the Interconnection Agreement shall continue in full force and effect and are hereby ratified in their entirety. To the extent, if any, that the terms and conditions of this Amendment conflict with the terms and conditions of the Interconnection Agreement, the Interconnection Agreement is amended accordingly, and the terms and conditions of this Amendment shall control.
8. Legal Authority. Each party to this Amendment represents to the other party that it has the full legal right, power and authority to enter into this Amendment and that this Amendment shall constitute a valid and legally binding obligation of the parties enforceable against such individual party in accordance with its terms.
9. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument. Any signature page of any such counterpart, or any electronic facsimile thereof, may be attached or appended to any other counterpart to complete a fully executed counterpart of this Amendment. Any electronic facsimile transmission of any signature of a party shall be deemed an original and shall bind such party.
10. Governing Law. This Amendment shall be governed by, and construed and enforced in accordance with, Federal law.

IN WITNESS WHEREOF, the parties have caused this Second Amendment to Interconnection Agreement to be executed as of the date first written above.

BPA:

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
Bonneville Power Administration

By: Francis E. Morgan 1/14/05  
Name: FRANCIS E. MORGAN  
Title: Trans. Sales Mgr

AVISTA:

AVISTA CORPORATION,  
a Washington corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MIRANT:

MIRANT OREGON, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**INTERCONNECTION AGREEMENT**  
**executed by the**  
**UNITED STATES OF AMERICA**  
**DEPARTMENT OF ENERGY**  
**acting by and through the**  
**BONNEVILLE POWER ADMINISTRATION**  
**and**  
**COYOTE SPRINGS 2, LLC**

**Index to Sections**

<b>Section</b>	<b>Page</b>
1. Purpose of Agreement .....	3
2. Definitions .....	3
3. Term and Termination .....	5
4. Exhibits, Related Agreements, and Documents Incorporated by Reference...	6
5. Compliance with and Amendment of WSCC Reliability Criteria .....	6
6. Bonneville's Interconnection Requirements.....	8
7. Ancillary Services and Other Services .....	9
8. Force Majeure .....	9
9. Notices .....	10
10. Outages and Outage Coordination .....	10
11. Amendments and Revisions.....	11
12. Third Party Beneficiaries .....	11
13. Liability .....	11
14. Dispute Resolution.....	12
15. Applicability .....	13
16. Assignment.....	13
17. Severability .....	13
18. Representation .....	13
19. Choice of Law .....	13
20. Section Headings .....	14

Exhibit A (Provisions Required by Statute or Executive Order)

Exhibit B (Description of Point(s) of Interconnection)

Exhibit C (Voltage Schedules and Reactive Power)

Exhibit D (Remedial Action Scheme)

Exhibit E (Operational Contacts)

This INTERCONNECTION AGREEMENT ("Agreement") is executed July 24, 2000, by the UNITED STATES OF AMERICA ("Government"), Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION ("Bonneville"), and Coyote Springs 2, LLC, a limited liability company organized and existing under the laws of the

State of Delaware. Bonneville and Coyote Springs 2, LLC, may be collectively referred to as "Parties" and individually as "Party."

#### RECITALS:

WHEREAS the Parties desire to interconnect Coyote Springs 2, LLC's 280 MW nominally-rated generator facility ("Project") with the Federal Columbia River Transmission System ("FCRTS") consistent with Western Systems Coordinating Council ("WSCC") reliability agreements and other standards to ensure and maintain the reliability of the FCRTS and the Project; and

WHEREAS there is a need to maintain the reliability of the FCRTS and interconnected electric systems encompassed by the WSCC in a competitive electric utility industry; and

WHEREAS Bonneville, as a member of the WSCC, intends to comply with all terms and conditions of certain WSCC reliability agreements to provide a reasonable, currently available means of maintaining such reliability; and

WHEREAS Coyote Springs 2, LLC must assure that the Project complies with Bonneville standards for safety and reliability in order to interconnect with the FCRTS; and

WHEREAS the Parties expressly intend that WSCC is a third party beneficiary for limited purposes under this Agreement; and

WHEREAS Bonneville is authorized pursuant to law to transmit electric power generated at various Federal hydroelectric projects in the Pacific Northwest, or acquired from other resources, to construct transmission facilities, to provide transmission and other services, and to enter into agreements to carry out such authority; and

WHEREAS Bonneville and Coyote Springs 2, LLC, (a) have entered into a Construction and Operation and Maintenance Agreement Contract No. 00TX10289; and (b) intend to enter into a Point to Point Transmission Service Agreement, Contract No. 99TX-10255, including Bonneville's Open Access Tariff as approved by the Federal Energy Regulatory Commission (FERC) for purposes of establishing the responsibilities of the Parties regarding Ancillary Services; and

WHEREAS Bonneville is authorized pursuant to law, to interconnect generation facilities and to enter into agreements to carry out such authority;

NOW THEREFORE, the Parties agree to the following:

## **1. PURPOSE OF AGREEMENT**

The purpose of this Agreement is to provide for the interconnected operation of the Project and the FCRTS and to maintain the reliability of the FCRTS and interconnected systems through Coyote Springs 2, LLC's commitment to comply with certain reliability standards that have been adopted by Bonneville.

Each Party shall design, construct, operate, maintain and use its electric system in conformance with Good Utility Practice to

- (a) minimize electric disturbances which may interfere with the electric system of the other Party or any electric system connected to such other Party's electric system; and
- (b) minimize the effect on its electric system and on persons connected to its electric system of electric disturbances originating on its own or another entity's electric system

## **2. DEFINITIONS**

- (a) "Ancillary Services" has the same meaning as contained in the Tariff.
- (b) "Bonneville's Technical Requirements" means Bonneville's Technical Requirements for the Interconnection of Generation Resources, dated April 1999, as such may be amended or replaced.
- (c) "Date of Energization" means the date when a completed interconnection facility is first energized from the FCRTS.
- (d) "Date of Commercial Operation" means the date Bonneville Transmission Construction releases the interconnection facility to Bonneville Transmission Operations.
- (e) "Dispatch" means the control center that monitors and controls the FCRTS.
- (f) "Financing Party" means the lenders, institutions and other entities providing construction and/or term financing to Coyote Springs 2, LLC, or refinancing of the foregoing, as Coyote Springs 2, LLC will designate from time to time in a written notice to Bonneville identifying such Financing Party and providing a mailing address and facsimile number with respect thereto.
- (g) "Force Majeure" means neither party shall be held responsible if the fulfillment of any terms or provisions of this contract is delayed or prevented by wars, acts of the public enemy, strikes, storms, fires, floods, acts of God, or without limiting the foregoing, by any other cause not within



the control of the party whose performance is interfered with, and which by the exercise of reasonable diligence, the party is unable to prevent, whether of the class of causes hereinbefore enumerated or not.

- (h) "Generator" has the same meaning as contained in the WSCC Reliability Criteria Agreement.
- (i) "Good Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in the WSCC's area during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be a range of acceptable practices, methods, or acts generally accepted in the region and consistently adhered to by Bonneville.
- (j) "Member" means any party to the WSCC Agreement.
- (k) "NWPP" means the Northwest Power Pool or its successor.
- (l) "Output Purchaser" means the entity that takes delivery of power generated by the Project at the Point of Interconnection and makes arrangements for the transmission of such power over the FCRTS.
- (m) "Point of Interconnection" means the point where the electrical facilities of the Project interconnect with the FCRTS. The Point of Interconnection is more fully described in Exhibit B.
- (n) "Remedial Action Scheme" or "RAS" has the same meaning as contained in Bonneville's Technical Requirements.
- (o) "Reliability Management System" or "RMS" means the contractual reliability management program implemented through the WSCC Reliability Criteria Agreement.
- (p) "RTO" means a regional transmission organization.
- (q) "Scheduling Agent" means the entity responsible for providing Bonneville with transmission schedules of power from the Project on the FCRTS, and for settlement of any differences between the actual Project generation and such transmission schedules.
- (r) "Tariff" means Bonneville's Open Access Transmission Tariff, as such may be amended or replaced.

- (s) "WSCC" means the Western Systems Coordinating Council or any successor entity.
- (t) "WSCC Agreement" means the Western Systems Coordinating Council Agreement dated March 20, 1967, as such may be amended or replaced.
- (u) "WSCC Reliability Criteria Agreement" means the Western Systems Coordinating Council Reliability Criteria Agreement dated June 18, 1999, among the WSCC and certain of its member transmission operators, as such may be amended or replaced.
- (v) "WSCC RMS Agreement" means the Reliability Management System Agreement by and between the WSCC and Bonneville, dated June 18, 1999, as such may be amended or replaced.

### 3. **TERM AND TERMINATION**

- (a) **Term.**  
This Agreement shall become effective at 2400 hours on the date of execution and shall continue in effect until terminated in accordance with Section 3(b) or (c) of this Agreement.
- (b) **Termination by Coyote Springs 2, LLC**  
Coyote Springs 2, LLC may terminate this Agreement on two (2) years' advance written notice; provided, however, that should the Project remain interconnected with the FCRTS, a successor agreement shall be executed that, in Bonneville's sole determination, preserves the safety and reliability of the FCRTS and interconnected systems.
- (c) **Termination by Bonneville.**  
Bonneville may terminate this Agreement upon thirty (30) day's advance written notice if
  - (1) Coyote Springs 2, LLC exercises its rights to terminate its obligations under section 5, and the Parties fail to enter into an amendment or replacement to this Agreement by the date Coyote Springs 2, LLC's obligations under section 5 terminate , or
  - (2) the Project is disconnected from the FCRTS for a continuous period of two years following Date of Commercial Operation, whether due to Coyote Spring's voluntary disconnection, or as a result of Bonneville exercising its right to suspend the interconnection of the Project with the FCRTS pursuant to section 6(e).
  - (3) the Project never achieves commercial operation within two (2) years

after the expected Date of Energization as described in the Construction Agreement.

**4. EXHIBITS, RELATED AGREEMENTS, AND DOCUMENTS INCORPORATED BY REFERENCE**

Exhibits A through E are made a part of this Agreement. The following agreements and documents are incorporated into this Agreement by reference:

- (a) The Tariff.
- (b) Bonneville's Transmission Rate Schedules, Ancillary Products and Services Rate Schedules, and General Rate Schedule Provisions (1996), as may be amended or replaced.
- (c) Bonneville's Technical Requirements.
- (d) Bonneville's *Working Document* Customer Generation/Load Estimating Accounting and Submittal Procedures, as may be amended or replaced.
- (e) The WSCC RMS Agreement.
- (f) The WSCC Reliability Criteria Agreement.

Current versions of these items (a) through (f) shall be provided by Bonneville to Coyote Springs 2, LLC upon request.

If there is a conflict between this Agreement and any of the agreements or documents incorporated by reference as provided in this section 4, Coyote Springs 2, LLC shall contact Bonneville to resolve such conflict and Bonneville shall promptly advise Coyote Springs 2, LLC which agreement or document controls.

**5. COMPLIANCE WITH AND AMENDMENT OF WSCC RELIABILITY CRITERIA**

- (a) **Compliance.**

Coyote Springs 2, LLC shall comply with the WSCC Reliability Criteria Agreement. Each and all provisions of the WSCC Reliability Criteria Agreement are hereby incorporated by reference into this Agreement as though set forth fully herein. Coyote Springs 2, LLC shall for all purposes be considered a party to that WSCC Reliability Criteria Agreement, and shall be entitled to all of the rights and privileges and be subject to all of the obligations of a Generator participant to that agreement, including but not limited to the rights, privileges and obligations set forth in Sections 5 (Determination of Compliance), 6 (Review of RCC Determination), and 11 (Remedies) of the WSCC Reliability Criteria Agreement.

(b) **Payment of Sanctions.**

Coyote Springs 2, LLC shall be responsible for payment of any monetary sanction assessed against Coyote Springs 2, LLC by WSCC pursuant to the WSCC Reliability Criteria Agreement. Any such payment shall be made pursuant to the procedures specified in the WSCC Reliability Criteria Agreement.

(c) **Effective Date.**

Any modification to the WSCC Reliability Criteria Agreement shall take effect on the date specified by FERC in an order accepting such modification for filing.

(d) **WSCC Remedy.**

Bonneville and Coyote Springs 2, LLC expressly intend that WSCC is a third-party beneficiary to this section 5. The WSCC shall have the right to seek to enforce against Coyote Springs 2, LLC any provision of this section 5, provided that specific performance shall be the sole remedy available to the WSCC pursuant to this section 5 for breach or claim of damages of any kind whatsoever (other than payment of sanctions to the WSCC, if so required by the WSCC to be paid), whether direct, compensatory, special, indirect, consequential, or punitive.

(e) **Termination.**

Coyote Springs 2, LLC may terminate its obligations pursuant to this section 5 (other than its obligations under section 5(f)):

- (1) if after the effective date of this section 5, the requirements of the WSCC Reliability Criteria Agreement applicable to Coyote Springs 2, LLC are amended so as to adversely affect Coyote Springs 2, LLC, provided that Coyote Springs 2, LLC gives fifteen (15) days' notice of such termination to Bonneville and the WSCC within forty-five (45) days of the date of issuance of a FERC order accepting such amendment for filing, provided further that the forty-five (45) day period within which notice of termination is required may be extended by Coyote Springs 2, LLC for an additional forty-five (45) days if Coyote Springs 2, LLC gives written notice to Bonneville of such requested extension within the initial forty-five (45) day period; or
- (2) for any reason on one year's written notice to Bonneville and the WSCC.

(f) **Replacement Terms.**

If Coyote Springs 2, LLC exercises its right to terminate its obligations under section 5, Coyote Springs 2, LLC and Bonneville shall use good faith

efforts to negotiate an amendment to this Agreement imposing obligations on Coyote Springs 2, LLC to meet reliability criteria satisfactory to Bonneville.

(g) **Consent.**

Coyote Springs 2, LLC consents to the release by the WSCC of information related to Coyote Springs 2, LLC's compliance with this Agreement only in accordance with the WSCC Reliability Criteria Agreement.

**6. BONNEVILLE'S INTERCONNECTION REQUIREMENTS**

- (a) Coyote Springs 2, LLC shall conform to outage scheduling procedures, adhere to RAS orders in accordance with Dispatch standing orders, and maintain compliance with Bonneville's Technical Requirements. RAS applicable to the Project is as identified in Exhibit D.
- (b) Coyote Springs 2, LLC shall comply with voltage schedules as supplied by Bonneville, consistent with Exhibit C.
- (c) Coyote Springs 2, LLC shall operate the Project, as directed by Dispatch, in accordance with Good Utility Practice. If Coyote Springs 2, LLC is unable to comply with any Dispatch order, Coyote Springs 2, LLC shall so notify Dispatch at the phone numbers provided in Exhibit E.
- (d) Coyote Springs 2, LLC or its Scheduling Agent shall comply with Bonneville's Customer Generation/Load Estimating Accounting and Submittal Procedures. Coyote Springs 2, LLC shall compensate Bonneville for any discrepancies between the amounts of Project generation scheduled by Coyote Springs 2, LLC on the FCRTS for a given hour and the actual amounts of Project generation delivered to the FCRTS for such hour shall be pursuant to Bonneville's Transmission Rate Schedules, Ancillary Products and Services Rate Schedules, and General Rate Schedule Provisions.
- (e) If Coyote Springs 2, LLC fails to materially comply with the provisions of section 6, Bonneville shall give Coyote Springs 2, LLC written notice identifying such non-compliance. If Coyote Springs 2, LLC's non-compliance continues for a period of thirty (30) days following delivery of such notice, Bonneville may suspend the interconnection of the Project with the FCRTS for as long as such period of noncompliance continues. Notwithstanding the foregoing, no notice shall be necessary if Bonneville reasonably believes that immediate suspension of the interconnection of the Project is necessary to preserve the safety and reliability of the FCRTS. Bonneville shall document in writing Coyote Springs 2, LLC's continued non-compliance and shall include the reasons for Bonneville's suspension of the interconnection of the Project and the steps Coyote Springs 2, LLC must take to restore the interconnection of the Project. Upon Coyote Springs 2, LLC curing such noncompliance, and giving notice to Bonneville of such cure,

Bonneville shall discontinue its suspension of the interconnection of the Project with the FCRTS.

- (f) Upon completion of the work required to be performed by the Parties pursuant to Exhibits B, D, and E, of the Construction and Operation and Maintenance Agreement, and prior to the Commercial Operation Date (as defined thereunder), Bonneville shall, pursuant to Bonneville's Technical Requirements, review and approve Coyote Springs 2, LLC's inspection and test plans and review test results of the Project performed by Coyote Springs 2, LLC. If Coyote Springs 2, LLC fails to comply with any requirement in Bonneville's Technical Requirements or the reliability criteria applicable to Coyote Springs 2, LLC as provided in this Agreement, Bonneville shall provide Coyote Springs 2, LLC with written notice of such noncompliance and a list of the actions needed to cure the noncompliance. Upon notice from Coyote Springs 2, LLC that such noncompliance has been remedied, Bonneville reserves the right to verify that compliance with the requirements of this Interconnection Agreement or Bonneville's Technical Requirements have been satisfied. Once compliance is achieved to Bonneville's satisfaction, Bonneville shall provide written notice to Coyote Springs 2, LLC of such compliance and grant the interconnection.

## **7. ANCILLARY SERVICES AND OTHER SERVICES**

### **(a) Ancillary Services.**

Bonneville may prohibit the Project from delivering power to the FCRTS during any period for which Coyote Springs 2, LLC, the Scheduling Agent, or the Output Purchaser fails to make arrangements for all Ancillary Services attributable to the Project as required by the Tariff.

### **(b) Other Services.**

Coyote Springs 2, LLC or its agent shall make arrangements for any other services required to supply energy for station service to the Project during periods of Project outage or startup.

## **8. FORCE MAJEURE**

If a Party is rendered wholly or partly unable to perform its obligations under this Agreement because of a Force Majeure event (hereinafter a "Claiming Party"), that Party shall be excused from whatever performance is affected by such Force Majeure event but only to the extent so affected, provided further, however, that: (i) the Claiming Party, as soon as practicable after the occurrence of the Force Majeure Event, gives the other Party written notice describing the particulars of the occurrence and its estimated duration; (ii) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure event; and (iii) the Claiming Party uses reasonable efforts to remedy its inability to perform, and to resume its full performance under this Agreement. The Claiming Party's obligation to remedy its inability to perform shall not require the settlement

of any strike, walkout, lockout or other labor dispute on terms that, in the sole judgment of the Party involved in said dispute, are contrary to its best interest.

## **9. NOTICES**

### **(a) Administrative Contacts.**

Any non-operational notice, demand, request or other communication provided for in this Agreement, or served, given or made in connection with this Agreement, shall be given in writing (unless otherwise provided in this Agreement) and shall be deemed to be served, given or made upon receipt if delivered in person or sent by acknowledged delivery, or sent by registered or certified mail, postage prepaid, to the persons addressed as set forth below:  
If to Bonneville:

Bonneville Power Administration  
5411 NE Highway 99  
PO Box 491  
Vancouver, WA 98666-0491  
Attention: Transmission Account Executive for Coyote Springs 2, LLC

If to Coyote Springs 2, LLC:

Coyote Springs 2, LLC  
C/o Avista Power, LLC  
201 W. North River Drive  
Spokane, WA 99201  
Attention: Director, CS2

Either Party may change the address set forth above by giving the other Party written notice of such change.

### **(b) Operational Contacts.**

At least ninety (90) days prior to the Date of Energization, each Party shall send to the other Party the name (or title), address, voice phone number, and FAX number of the individual(s), as such are detailed in Exhibit E, to be contacted for routine operational activities associated with the interconnection of the Project with the FCRTS. Such activities shall include, but are not limited to, outage coordination, generation dispatch, and system dispatch.

## **10. OUTAGES AND OUTAGE COORDINATION**

- (a) Bonneville shall endeavor to provide notice to the Coyote Springs 2, LLC contact referenced in section 9(b) of outages on the FCRTS that affect the delivery of the Project output. Coyote Springs 2, LLC shall endeavor to provide notice of Project outages, to the Bonneville contact provided in section 9(b). All notices shall be consistent with Good Utility Practice and the NWPP Operating Manual.



- (b) Bonneville's right to curtail or interrupt generation from the Project shall be as provided in the Tariff.

## **11. AMENDMENTS AND REVISIONS**

- (a) No amendment of all or any part of the body of this Agreement shall be valid unless it is reduced to writing and signed by both Coyote Springs 2, LLC and Bonneville. The terms and conditions herein shall remain in effect throughout the term and shall not be subject to change through application to the FERC or other governmental body or authority, absent agreement of the Parties. Any revision of exhibits to this Agreement shall be as specified in the exhibits.
- (b) If an RTO is established and such RTO is to be responsible for reliability criteria for transmission system interconnections with the FCRTS, this Agreement may be amended to conform to the requirements of the RTO.

## **12. THIRD PARTY BENEFICIARIES**

Except as provided in section 5, this Agreement creates rights and obligations only between the Parties hereto. The Parties do not intend to create any obligation or promise of performance to any other third person or entity, nor have the Parties conferred any right to enforce this Agreement or any remedy upon any person or entity other than the Parties hereto, their respective successors and assigns, except as provided in section 5.

## **13. LIABILITY**

- (a) To the extent allowed by the Federal Tort Claims Act, Bonneville agrees to indemnify, and hold harmless Coyote Springs 2, LLC, its affiliated companies, their respective boards of directors, officers, employees, agents and representatives, against and from any and all loss, claims, actions, or suits, for or on account of injury, bodily or otherwise to, or death of persons, or for damage to or destruction of property belonging to Coyote Springs 2, LLC or others, resulting from Bonneville's negligent acts or omissions or intentional misconduct in connection with the performance of this Agreement, excepting that any liability attaching to Bonneville shall be reduced by any proportion that such injury or harm is caused by negligence or intentional misconduct of Coyote Springs 2, LLC, its affiliated companies, their respective boards of directors, officers, employees, agents or representatives.
- (b) Coyote Springs 2, LLC agrees to defend, indemnify, and hold harmless Bonneville, its employees, agents and representatives, against and from any and all loss, claims, actions, or suits, for or on account of injury, bodily or otherwise to, or death of persons, or for damage to, or destruction of property belonging to Bonneville, or others, resulting from Coyote Springs 2, LLC's

negligent acts or omissions or intentional misconduct in connection with the performance of this Agreement, excepting that any liability attaching to Coyote Springs 2, LLC shall be reduced by any proportion that such injury or harm is caused by negligence or intentional misconduct of Bonneville, its employees, agents or representatives.

- (c) No Party ("First Party") shall be liable, to the other Party ("Second Party") for any injury or death to any person, or for any loss or damage to any property, caused by or arising out of an electric disturbance on the First Party's electric system, whether or not such electric disturbance resulted from the First Party's negligent, grossly negligent, or wrongful act or omission. For the purposes of this section 13(c),
  - (1) the term "electric disturbance" means any sudden, unexpected, changed, or abnormal electric condition occurring in or on an electric system;
  - (2) the term "Party" means, in addition to such Party itself, its affiliated companies, their respective boards of directors, officers and employees;
  - (3) the term "damage" means all damage, including consequential damage; and
  - (4) the term "person" means any person, including those not connected with any Party to this Agreement.
- (d) Bonneville and Coyote Springs 2, LLC assert that neither Party is the agent or principal for the other, nor are they partners or joint venturers; and the Parties agree that they will not represent to any other party that they act in the capacity of agent or principal for the other.
- (e) In no event shall either Party be liable to the other Party hereto for any special, punitive, exemplary, consequential, incidental, or indirect losses or damages for any failure of performance howsoever caused, whether or not arising from a Party's sole, joint, or concurrent negligence.

#### **14. DISPUTE RESOLUTION**

- (a) Pending resolution of a disputed matter, the Parties shall continue performance of their respective obligations pursuant to this Agreement.
- (b) In the event of a dispute arising out of this Agreement, other than WSCC sanctions as provided in section 5, both Parties shall negotiate in good faith to reach an acceptable and timely resolution of the dispute. Should the Parties be unable to resolve the dispute to their mutual satisfaction within twenty working days after such negotiation begins, or at the conclusion of any other mutually acceptable time period, the Parties shall attempt in good faith to resolve the dispute through non-binding mediation.

- (c) Neither Party shall be obligated to engage in mediation for longer than five business days. Each Party shall be responsible for its own expenses and one-half of the expenses of the mediator

**15. APPLICABILITY**

This Agreement constitutes the entire understanding between Bonneville and Coyote Springs 2, LLC with respect to the subject matter hereof, supersedes any and all previous understandings between the Parties with respect to the subject matter hereof, and binds and inures to the benefit of the Parties and their successors and assigns.

**16. ASSIGNMENT**

All rights, benefits and obligations under this Agreement shall be binding upon the respective successors and assigns of the Parties to this Agreement. This Agreement shall not be transferred or assigned by any Party to any other person or entity without the written consent of the other Party; provided that Bonneville shall be permitted to assign this Agreement to the Government or an agency thereof, or an RTO without Coyote Springs 2, LLC's consent, and Coyote Springs 2, LLC shall be entitled to assign its interest in this agreement to the Financing Party. Any consent required of the other Party shall not be unreasonably withheld or delayed. In any sale or transfer of control of the Project pursuant to which the Project will remain interconnected to the FCRTS, Coyote Springs 2, LLC or the Financing Party shall, as a condition of such sale or transfer, require the acquiring entity or transferee either to assume the obligations of Coyote Springs 2, LLC pursuant to this Agreement or to enter into an Agreement with Bonneville in substantially the same form as this Agreement.

**17. SEVERABILITY**

If one or more provisions of this Agreement shall be found by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, it shall be given effect to the extent permitted by applicable law, and such invalidity, illegality, or unenforceability shall not affect the validity of the other provisions of this Agreement.

**18. REPRESENTATION**

The individual signing on behalf of his or her respective Party represents that he or she is authorized to execute this Agreement and that the Agreement is legal and binding on the Parties in accordance with its terms.

**19. CHOICE OF LAW**

This Agreement shall be interpreted, construed, and implemented under Federal law.

**20. SECTION HEADINGS**

Section headings and subheadings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement.

Coyote Springs 2, LLC

UNITED STATES OF AMERICA  
Department of Energy  
Bonneville Power Administration

By: /S/ LLOYD H. MEYERS

By: /S/ MICHAEL RASCHIO

Name: Lloyd H. Meyers  
*Print / Type*

Name: Michael A. Raschio  
*Print / Type*

Title: Manager

Title: Transmission Account Executive

Date: July 24, 2000

Date: July 13, 2000

W:\TMC\CT\Coyote Springs 2\Interconnection Agreement\June\_00.doc

**EXHIBIT A**  
**PROVISIONS REQUIRED BY STATUTE, CODE**  
**OR EXECUTIVE ORDER**

*Coyote Springs 2, LLC is the Contractor and the Agreement is the Contract as the terms are used in this Exhibit A.*

**Index to Sections**

<b>Section</b>	<b>Page</b>
1. Contract Work Hours and Safety Standards Act .....	1
2. Convict Labor .....	2
3. Equal Opportunity .....	2
4. Rehabilitation Act of 1973 .....	3
5. The Vietnam Era Veterans Readjustment Assistance Act of 1974 .....	5
6. The Small Business Act .....	8
7. Revision of This Exhibit.....	9

**1. CONTRACT WORK HOURS AND SAFETY STANDARDS ACT**  
**(40 U.S.C. 327 et seq.)**

This contract, if and to the extent required by applicable law or if not otherwise exempted, is subject to the following provisions:

**(a) Overtime Requirements**

No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic in any workweek in which such worker is employed on such work to work in excess of forty (40) hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times such worker's basic rate of pay for all such hours worked in excess of forty (40) hours in such workweek.

**(b) Violation; Liability for Unpaid Wages; Liquidated Damages**

In the event of any violation of the provisions of section 1(a), the Contractor and any subcontractor responsible therefor shall be liable to any affected employee for such employee's unpaid wages. In addition, such Contractor and subcontractor shall be liable to the Government for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions of section 1(a) in the sum of ten dollars (\$10) for each calendar day on which such employee was required or permitted to be employed in such work in excess of the standard workweek of forty (40) hours without payment of the overtime wages required by section 1(a).

- (c) **Withholding for Unpaid Wages and Liquidated Damages**  
Bonneville may withhold, or cause to be withheld, from any monies payable on account of work performed by the Contractor or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in section 1(b).

## **2. CONVICT LABOR**

**(Executive Order No. 11755, Dec. 29, 1973)**

In connection with the performance of work under this contract, the Contractor agrees, if and to the extent required by applicable law or if not otherwise exempted, not to employ any person undergoing sentence of imprisonment.

## **3. EQUAL OPPORTUNITY**

**(Executive Order No. 11246, Sept. 24, 1965, implemented in 41 CFR 60-1)**

During the performance of this contract, if and to the extent required by applicable law or if not otherwise exempted, the Contractor agrees as follows:

- (a) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by Bonneville setting forth the provisions of the Equal Opportunity Executive Order.
- (b) The Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants shall receive consideration for employment without regard to race, color, religion, sex, or national origin.
- (c) The Contractor shall send to each labor union or representative of workers with which said Contractor has a collective bargaining agreement or other contract or understanding, a notice, to be provided by Bonneville, advising the labor union or workers' representative of the Contractor's commitments under the Equal Opportunity clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

- (d) The Contractor shall comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (e) The Contractor shall furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor, or pursuant thereto, and shall permit access to said Contractor's books, records, and accounts by Bonneville and the Secretary of Labor for purposes of investigations to ascertain compliance with such rules, regulations, and orders.
- (f) In the event of the Contractor's noncompliance with the Equal Opportunity clause of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- (g) The Contractor shall include the provisions of sections 3(a) through 3(f) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions shall be binding upon each subcontractor or vendor. The Contractor shall take such action with respect to any subcontract or purchase order as Bonneville may direct as a means of enforcing such provisions, including sanctions for noncompliance. In the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by Bonneville, the Contractor may request the Government to enter into such litigation to protect the interests of the Government.

**4. REHABILITATION ACT OF 1973**

**(29 U.S.C. 793), and the regulations of the Secretary of Labor**

**(41 CFR 60-741) which concern affirmative action for handicapped workers**

- (a) The Contractor shall not discriminate against any employee or applicant for employment because of physical or mental handicap in regard to any position for which the employee or applicant for employment is qualified. The Contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all

employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

- (b) The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Rehabilitation Act of 1973.
- (c) In the event of the Contractor's noncompliance with the requirements of this clause, actions for noncompliance may be taken in accordance with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Rehabilitation Act of 1973.
- (d) The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the Director of the Office of Federal Contract Compliance Programs, provided by Bonneville. Such notices shall state the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified handicapped employees and applicants for employment, and the rights of applicants and employees.
- (e) The Contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of section 503 of the Rehabilitation Act of 1973, and is committed to take affirmative action to employ and advance in employment physically and mentally handicapped individuals.
- (f) The Contractor shall include the provisions of this clause in every subcontract or purchase order of \$2,500 or more unless exempted by rules, regulations, or orders of the Secretary issued pursuant to section 503 of the Rehabilitation Act of 1973, so that such provisions will be binding upon each subcontractor or vendor. The Contractor shall take such action with respect to any subcontract or purchase order as the Director of the Office of Federal Contract Compliance Programs may direct to enforce such provisions, including action for noncompliance.



**5. THE VIETNAM ERA VETERANS READJUSTMENT ASSISTANCE  
ACT OF 1974**

**(38 U.S.C. 4212) and 41 CFR 60-250 et seq., which concerns affirmative  
action for disabled veterans and veterans of the Vietnam era**

- (a) The Contractor shall not discriminate against any employee or applicant for employment because he or she is a disabled veteran or veteran of the Vietnam era in regard to any position for which the employee or applicant for employment is qualified. The Contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified disabled veterans and veterans of the Vietnam era without discrimination based upon their disability or veterans status in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms or compensation, and selection for training, including apprenticeship.
- (b) The Contractor agrees that all suitable employment openings of the Contractor which exist at the time of the execution of this contract and those which occur during the performance of this contract, including those not generated by this contract and including those occurring at an establishment of the Contractor other than the one wherein the contract is being performed but excluding those of independently-operated corporate affiliates, shall be listed at any appropriate local office of the State employment service system wherein the opening occurs. The Contractor further agrees to provide such reports to such local office regarding employment openings and hires as may be required.

State and local government agencies holding Federal contracts of \$10,000 or more shall also list all their suitable openings with the appropriate office of the State employment service, but are not required to provide those reports set forth in sections 5(d) and 5(e).

- (c) Listing of employment openings with the employment service system pursuant to this clause shall be made at least concurrently with the use of any other recruitment source or effort and shall involve the normal obligations which attach to the placing of a bona fide job order, including the acceptance of referrals of veterans and nonveterans. The listing of employment openings does not require the hiring of any particular group of job applicants, and nothing herein is intended to relieve the Contractor from any requirements in Executive orders or regulations regarding nondiscrimination in employment.

- (d) The reports required by section 5(b) shall include, but not be limited to, periodic reports which shall be filed at least quarterly with the appropriate local office or, where the Contractor has more than one hiring location in a State, with the central office of that State employment service. Such reports shall indicate for each hiring location (1) the number of individuals hired during the reporting period, (2) the number of nondisabled veterans of the Vietnam era hired, (3) the number of disabled veterans of the Vietnam era hired, and (4) the total number of disabled veterans. The reports should include covered veterans hired. The reports should include covered veterans hired for on-the-job training under 38 U.S.C. 1787. The Contractor shall submit a report within thirty (30) days after the end of each reporting period wherein any performance is made on this contract identifying data for each hiring location. The Contractor shall maintain at each hiring location copies of the reports submitted until the expiration of one (1) year after final payment under the contract, during which time these reports and related documentation shall be made available, upon request, for examination by any authorized representative of the contracting officer or of the Secretary of Labor. Documentation would include personnel records respecting job openings, recruitment and placement.
- (e) Whenever the Contractor becomes contractually bound to the listing provisions of this clause, it shall advise the employment service system in each State where it has establishments of the name and locations of each hiring location in the State. As long as the Contractor is contractually bound to these provisions and has so advised the State system, there is no need to advise the State system of subsequent contracts. The Contractor may advise the State system when it is no longer bound by this section 5.
- (f) This section 5 does not apply to the listing of employment openings that occur and are filled outside of the 50 States, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands.
- (g) The provision of sections 5(b), 5(c), 5(d), and 5(e) do not apply to openings which the Contractor proposes to fill from within his own organization or to fill pursuant to a customary and traditional employer-union hiring arrangement. This exclusion does not apply to a particular opening once an employer decides to consider applicants outside of his own organization or employer-union arrangement for that opening.
- (h) As used in this section 5:
- (1) "All suitable employment openings" includes, but is not limited to, openings which occur in the following job categories: production and

nonproduction; plant and office; laborers and mechanics; supervisory and nonsupervisory; technical; and executive, administrative, and professional openings as are compensated on a salary basis of less than \$25,000 per year. This term includes full-time employment, temporary employment of more than 3 days' duration, and part-time employment. It does not include openings which the Contractor proposes to fill from within his own organization or to fill pursuant to a customary and traditional employer-union hiring arrangement nor openings in an educational institution which are restricted to students of that institution. Under the most compelling circumstances an employment opening may not be suitable for listing, including such situations where the needs of the Government cannot reasonably be otherwise supplied, where listing would be contrary to national security, or where the requirement of listing would otherwise not be for the best interest of the Government.

- (2) "Appropriate office of the state employment service system" means the local office of the federal-state national system of public employment offices with assigned responsibility for serving the area where the employment opening is to be filled, including the District of Columbia, Guam, Puerto Rico, and the Virgin Islands.
  - (3) "Openings which the Contractor proposes to fill from within his own organization" means employment openings for which no consideration will be given to persons outside the Contractor's organization (including any affiliates, subsidiaries, and the parent companies) and includes any openings which the Contractor proposes to fill from regularly established "recall" lists.
  - (4) "Openings which the Contractor proposes to fill pursuant to a customary and traditional employer-union hiring arrangement" means employment openings that the Contractor proposes to fill from union halls, which is part of the customary and traditional hiring relationship that exists between the Contractor and representatives of his employees.
- (i) The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Vietnam Era Veterans Readjustment Assistance Act.
  - (j) In the event of the Contractor's noncompliance with the requirements of this section 5, actions for noncompliance may be taken in accordance with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Vietnam Era Veterans Readjustment Assistance Act.

- (k) The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the Director of the Office of Federal Contract Compliance Programs, provided by Bonneville. Such notice shall state the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam era for employment, and the rights of applicants and employees.
- (l) The Contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of the Vietnam Era Veterans Readjustment Assistance Act, and is committed to take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam era.
- (m) The Contractor shall include the provisions of this section 5 in every subcontract or purchase order of \$10,000 or more unless exempted by rules, regulations, or orders of the Secretary issued pursuant to the Act, so that such provisions shall be binding upon each subcontractor or vendor. The Contractor shall take such action with respect to any subcontract or purchase order as the Director of the Office of Federal Contract Compliance Programs may direct to enforce such provisions, including action for noncompliance.

**6. THE SMALL BUSINESS ACT  
(15 U.S.C. 637)**

- (a) It is the policy of the United States that small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in the performance of contracts let by any Federal agency, including contracts and subcontracts for subsystems, assemblies, components, and related services for major systems. It is further the policy of the United States that its prime contractors establish procedures to ensure the timely payment of amounts due pursuant to the terms of their subcontracts with small business concerns owned and controlled by socially and economically disadvantaged individuals.
- (b) The Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with the efficient performance of this contract. The Contractor further agrees to cooperate in any studies or surveys as may be conducted by the United States Small Business Administration or the awarding agency of the United States as may be

necessary to determine the extent of the Contractor's compliance with this section 6.

- (c) As used in this contract, the term "small business concern" shall mean a small business as defined pursuant to section 3 of the Small Business Act (15 U.S.C. 632) and relevant regulations promulgated pursuant thereto. The term "small business concern owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern:
- (1) which is at least fifty one percent ( 51%) owned by one or more socially and economically disadvantaged individuals; or, in the case of any publicly owned business, at least fifty one percent (51%) of the stock of which is owned by one or more socially and economically disadvantaged individuals; and
  - (2) whose management shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, and other minorities, or any other individuals found to be disadvantaged by the Administration pursuant to section 8(a) of the Small Business Act.

**7. REVISION OF THIS EXHIBIT**

This Exhibit A shall be revised to reflect changes in statute, code, Executive Order, or other change at the Federal level. Bonneville shall prepare and send to Coyote Springs 2, LLC such revised Exhibit A.

**EXHIBIT B**  
**DESCRIPTION OF POINT(S) OF INTERCONNECTION**

**1. POINT OF INTERCONNECTION**

**Location:** The point in the Coyote Springs Switchyard, co-owned by Portland General Electric Company and Coyote Springs 2, LLC, where the 500 kV facilities of the Government are connected to the facilities of Coyote Springs 2, LLC.

**Voltage:** 500 kV

**Metering:** At the Coyote Springs Substation

**2. REVISIONS:**

Revisions of this exhibit may be revised or replaced from time to time by the mutual agreement of the Parties.

**EXHIBIT C**  
**VOLTAGE SCHEDULES AND REACTIVE POWER**

**1. VOLTAGE SCHEDULE**

- (a) Bonneville, in consultation with Coyote Springs 2, LLC, shall prepare voltage schedules which Coyote Springs 2, LLC shall follow each year. Within thirty (30) days after the execution of this Agreement, Coyote Springs 2, LLC shall notify Bonneville, in writing, of the name of a Coyote Springs 2, LLC contact to whom voltage schedules should be sent, and the fax number or e-mail address to be used for delivering the voltage schedules. Bonneville shall provide Coyote Springs 2, LLC, in writing, with a contact for any questions concerning voltage schedules.
- (b) In order to reduce circulating reactive power flow between multiple generators in an area, and to increase real power capability, Coyote Springs 2, LLC shall follow a voltage setpoint signal sent by Bonneville. The voltage setpoint shall be within the range of the voltage schedule. In addition, there shall be a voltage reference signal that indicates the measured voltage used by Bonneville to establish the coordinated voltage schedule.
- (c) Under unique operating conditions, lasting a few months or less, Bonneville may temporarily suspend the voltage schedule described in section 1(a) of this exhibit and prepare a replacement voltage schedule to be followed by Coyote Springs 2, LLC. Voltage schedules for such unique operating conditions shall be prepared by Dispatch, with special instructions to Coyote Springs 2, LLC.
- (d) Coyote Springs 2, LLC shall provide Bonneville information on the Project's reactive power capability as described in Bonneville's Technical Requirements .

**2. REVISION OF EXHIBIT**

This exhibit may be revised by Bonneville. Bonneville shall prepare and send such revised exhibit to Coyote Springs 2, LLC.

**EXHIBIT D**  
**REMEDIAL ACTION SCHEME**

**1. REMEDIAL ACTION SCHEME**

The Project requires RAS for automatic generation dropping of the steam unit and the gas unit for an outage of the Coyote Springs–Slatt 500 kV or the Slatt-Buckley 500 kV Line or the Slatt-John Day 500 kV Line during certain operating conditions.

**2. REVISION OF THIS EXHIBIT**

This exhibit may be revised by Bonneville upon Bonneville's determination that such revision is necessary to preserve transmission system safety and reliability. Bonneville shall provide Coyote Springs 2, LLC with as much notice as reasonably possible of its intent to revise such RAS.



**EXHIBIT E**  
**OPERATIONAL CONTACTS**

**1. OPERATIONAL CONTACTS**

Contacts for routine and emergency operations effective on the date of execution of this Agreement are:

<b>Party</b>	<b>Outage Coordination</b>	<b>Dispatch</b>
BPA	Munro CC: Phone (509)-466-2444	Munro Dispatch: Phone (509)-465-1820 Or (888)-835-9590  Dittmer Dispatch: Vox (360)-418-2281/80 or (503)-283-2501; Fax (360)-418-2938
<b>Coyote Springs 2, LLC *</b>		

**2. CHANGES IN CONTACTS**

If any Party changes its contact(s), that Party shall notify the other Party informally by voice phone, facsimile transmission, or other means as soon as possible. The Party making the change shall send formal notice to the Bonneville administrative contact identified in section 8 of the Agreement as soon as practical. Bonneville shall revise this exhibit upon such notice.

\*Coyote Springs 2, LLC shall provide operational contacts at least 90 days prior to the Date of Energization for Coyote Springs 2, LLC's generating project.

## AMENDMENT

### ASSIGNMENT AND ASSUMPTION AGREEMENT TO INTERCONNECTION AGREEMENT

THIS SECOND ASSIGNMENT AND ASSUMPTION AMENDMENT TO THE INTERCONNECTION AGREEMENT (this "Amendment") is made and entered into as of January 19, 2005, by and between the UNITED STATES OF AMERICA, DEPARTMENT OF ENERGY, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA), AVISTA CORPORATION, a Washington corporation (Avista), and MIRANT OREGON, LLC, a Delaware limited liability company (Mirant).

WHEREAS, BPA and Coyote Springs 2, LLC, a Delaware limited liability company (CS2), entered into that certain Interconnection Agreement, Agreement No. 00TX-10290, dated July 24, 2000 (the "Interconnection Agreement"), for the interconnection of an electric generating plant with the Federal Columbia River Transmission System (FCRTS);

WHEREAS, CS2 assigned all its rights, title and interest in, to and under the Agreement to Avista and to Mirant pursuant to that certain First Assignment and Assumption Amendment to the Interconnection Agreement dated January 1, 2003; and

WHEREAS, Mirant now desires to assign its interest in and to the Agreement, as amended, to Avista.

NOW, THEREFORE, for and in consideration for the mutual agreements contained herein, and the exchange of other good and valuable consideration between the parties hereto, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Capitalized Terms. All capitalized terms used in this Amendment, to the extent not otherwise expressly defined herein, shall have the same meanings ascribed to such terms in the Interconnection Agreement.
2. Effective Date. This Amendment shall become effective at 0000 on January 20, 2005 by BPA and Avista (such date and time, hereby known as the "Effective Date").
3. References. All references to "Avista and Mirant", or "Avista and Mirant as equal and undivided co-tenants" in the Interconnection Agreement shall refer to "Avista" only. All references to the "Agreement" in the Interconnection Agreement shall hereafter be deemed to refer to the "Interconnection Agreement," as amended.
4. Assignment of Interconnection Agreement. Mirant hereby irrevocably assigns, conveys and transfers all of Mirant's right, title and interest in, to and under the Interconnection Agreement to Avista.

shall hereafter be deemed to refer to the "Interconnection Agreement," as amended hereby.

5. Assignment of Interconnection Agreement. CS2 hereby irrevocably assigns, conveys and transfers, to the extent assignable, all of CS2's right, title and interest in, to and under the Interconnection Agreement to Avista and Mirant, as equal undivided co-tenants.
6. Assumption of Interconnection Agreement. Avista and Mirant, as equal undivided co-tenants, hereby accept the assignment and transfer of such rights and obligations of CS2 under the Interconnection Agreement, and assume and agree to be bound by the terms of the Interconnection Agreement, and undertake to perform, in accordance with and subject to the terms of the Interconnection Agreement, any and all of CS2's obligations and liabilities hereunder.
7. Consent. BPA acknowledges and consents to the irrevocable assignment of all of CS2's right, title and interest under the Interconnection Agreement to Avista and Mirant, as equal undivided co-tenants, and BPA agrees to accept performance of all of CS2's obligations under the Interconnection Agreement from Avista and Mirant.
8. Amendment of Section 5. Section 5(a) of the Interconnection Agreement is deleted and replaced by the following:

**"(a) Compliance.**

In its operation of the Project, Avista and Mirant shall comply with those provisions of the WECC Reliability Criteria Agreement applicable to Generators. Such provisions are hereby incorporated by reference into this Agreement as though set forth fully herein. Avista and Mirant shall, for purposes of operating the Project and of this Agreement only, be considered a party to that WECC Reliability Criteria Agreement and shall be entitled to all of the rights and privileges and be subject to all of the obligations of a Generator participant to that agreement, including but not limited to the rights, privileges and obligations set forth in Sections 5 (Determination of Compliance), 6 (Review of RCC Determination), and 11 (Remedies) of the WECC Reliability Criteria Agreement; provided, however, that nothing in this Agreement is intended to obligate Avista and Mirant, as equal undivided co-tenants, or their successors or assigns, to comply with or be a party to the WECC Reliability Criteria Agreement for any purposes beyond operation of the Project and meeting its obligations under this Agreement."

9. Notices. The address for notices to CS2 as set forth in Section 9 of the Interconnection Agreement is hereby deleted and replaced in its entirety as follows:

"If to Avista:

Avista Corporation  
1411 E. Mission MSC-7  
P.O. Box 3727  
Spokane, WA 99220-3727  
Attention: Ed F. Groce  
Title: Manager, Transmission  
Acquisition  
Phone: (509) 495-4164  
Fax: (509) 495-4272

If to BPA:

Bonneville Power Administration  
P.O. Box 491  
Vancouver, WA 98666-0491  
Attention: Transmission Account  
Executive for Mirant and Avista  
TM/Ditt2  
Phone: (360) 418-2175  
Fax: (360) 418-8320

If to Mirant:

Mirant California, LLC  
Mr. Joe Bittner,  
1350 Treat Blvd. Suite 500  
Walnut Creek, CA 94597  
Attention: Joe Bittner  
Title: Director of Operations  
Phone: (925) 287-3122  
Fax: (925) 947-3002

Either Party may change the contact person or the address set forth above by giving the other Party written notice of such change."

10. Ratification of Interconnection Agreement. Except as amended herein, the terms and conditions of the Interconnection Agreement shall continue in full force and effect and are hereby ratified in their entirety. To the extent, if any, that the terms and conditions of this Amendment conflict with the terms and conditions of the Interconnection Agreement, the Interconnection Agreement is amended accordingly, and the terms and conditions of this Amendment shall control.
11. Legal Authority. Each party to this Amendment represents to the other party that it has the full legal right, power and authority to enter into this Amendment and that this Amendment shall constitute a valid and legally binding obligation of the parties enforceable against such individual party in accordance with its terms.
12. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument. Any signature page of any such counterpart, or any electronic facsimile thereof, may be attached or appended to any other counterpart to complete a fully

executed counterpart of this Amendment. Any electronic facsimile transmission of any signature of a party shall be deemed an original and shall bind such party.

13. Governing Law. This Amendment shall be governed by, and construed and enforced in accordance with, Federal law.

**IN WITNESS WHEREOF**, the parties have caused this First Amendment to Interconnection Agreement to be executed as of the date first written above.

COYOTE SPRINGS 2, LLC

By: /S/ GEORGE PERKS

Name: George Perks  
(Print/Type)

Title: Management Committee

Date: December 18, 2002

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
Bonneville Power Administration

By: /S/ NANCY E MORGAN

Name: Nancy E. Morgan  
(Print/Type)

Title: Transmission Account Executive

Date: 12-11-02

AVISTA CORPORATION

By: /S/ LLOYD H MEYERS

Name: Lloyd H. Meyers  
(Print/Type)

Title: V.P. Power Supply

Date: 12/17/02

MIRANT OREGON, LLC

By: /S/ MICHAEL A HOBBS

Name: Michael A. Hobbs  
(Print/Type)

Title: Vice President

Date: 12/30/02